OSSDSIGN®

Annual Report 2020

OssDsign at a glance

Global growth and acquisition of a new technology platform in 2020

50%
Global sales growth
OssDsign's total sales compared to 2019. Germany was the top performer with 126% growth.

5X
addressable market
Acquisition of Sirakoss' synthetic bone graft technology added a 5.3 bn USD market opportunity.

1,000+
Patients with OssDsign Cranial PSI implants
Milestone of 1,000+ (800+ a year ago) patients reached just after the end of the year.

2%
Risk of implant removal due to implant infection
OssDsign Cranial PSI's observed implant removal rate is still at just 2% after including 1,000+ patients in the follow-up data. Published rates of most conventional cranial implants are at 7-11%.

OssDsign
OssDsign's vision is to provide regenerative solutions to all patients with cranial or spinal bone defects, so they can be restored and healed as naturally as possible. Driven by a commitment to give patients back the lives they deserve, OssDsign collaborates with surgeons to engineer better healing by integrating biomaterials with clinical design. Headquartered in Sweden, OssDsign supplies hospitals worldwide with implants for use in cranial reconstructions and other orthopaedic surgery applications.

CMF implants
OssDsign's CMF platform is based on its patented calcium phosphate material, which gradually transforms into bone during the healing process. The CMF product range consists of patient-specific cranial and facial implants and an off-the-shelf product for burr hole closure and bone flap fixation. As stated in a growing body of clinical data covering over 1,000 patients, these products facilitate an improved healing process with a low risk of complications compared to published data for traditional technologies.

Orthobiologics
With the acquisition of Sirakoss Ltd in November 2020, including a 510(k)-cleared next-generation nanosynthetic bone graft substitute, OssDsign expanded its business to the large and rapid-growing orthobiologics segment. This was also the company's first step towards becoming a broader and larger orthopaedic company. Initially, OssDsign will focus its orthobiologics business on the segment for spinal fusion surgeries, leveraging the platform's ability to catalyse faster bone regeneration while also being easy and consistent to work with.

"OssDsign's vision is to provide regenerative solutions to all patients with cranial or spinal bone defects, so they can be restored and healed as naturally as possible."

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Important events in 2020

Completed transfer of US commercial operations to OssDsign USA Inc

In February, OssDsign announced that its subsidiary, OssDsign USA Inc, had assumed all US commercial operations from a previous master distributor. The growing US organization will support the distributor network in driving sales growth and executing clinical and marketing projects with key opinion-leading neurosurgeons.

Regulatory approval in Japan for OssDsign Cranial PSI with full nationwide reimbursement

In March, OssDsign received regulatory approval in Japan for OssDsign Cranial PSI. This was followed by a notice in May from the Japanese healthcare regulatory body MHLW, granting the product full and nationwide reimbursement from June 2020.

Appointment of Vice President of Sales for OssDsign USA Inc

In May, OssDsign announced the appointment of Eric Patermo as Vice President of Sales for OssDsign USA Inc. With his 25 years of experience in the neurosurgical and orthopaedic segments, the addition of Eric Patermo to the OssDsign US team will further accelerate the company's growth as its US operations continue to expand.

Muranaka Medical Instruments appointed as business partner in Japan

In August, OssDsign signed a business partner agreement with Muranaka Medical Instruments Co., Ltd., a pre-eminent medical product distributor in Japan. Muranaka will represent OssDsign commercially in Japan, driving adoption and sales of OssDsign's products in this leading Asian market.

Successful six-month follow-up results from clinical study in sinus augmentation

In August, OssDsign announced positive interim results from the first clinical study with its technology focusing on the oral and dental implant market. The results show that implantation of the calcium phosphate material resulted in bone formation and firm anchoring of dental implants.

Morten Henneveld assumes the position as OssDsign's new CEO

In September, Morten Henneveld assumed the position as OssDsign's CEO upon the retirement of Anders Lundqvist. Morten Henneveld brings extensive international and medical device experience, most recently as Senior Vice President, Business Transformation and Strategy, and member of the Executive Leadership Team at GN Hearing, a global leader in hearing aids.

US patent allowed for OssDsign Cranial PSI

In September, OssDsign announced a notice of allowance by the USPTO for its US patent covering the implant design of OssDsign Cranial PSI. With corresponding patents already allowed in Europe, Japan and Australia, a strong patent protection for OssDsign Cranial PSI is now established in all key markets.

OssDsign acquires Sirakoss and expands into the USD 5.3 billion orthobiologics market

In November, OssDsign announced an agreement to acquire the Scottish bone graft specialist, Sirakoss Ltd. The acquisition of Sirakoss broadens OssDsign's product portfolio with a next-generation 510(k)-cleared nano-synthetic bone graft substitute for treating skeletal defects. The purchase price was set at USD 11 million, payable in three cash instalments, in addition to agreed milestone and royalty payments.

OssDsign raises 65 MSEK through a directed share issue

On November 3, OssDsign carried out a heavily oversubscribed directed share issue raising proceeds of approximately 65 MSEK from Swedish and international investors. The proceeds were used to finance the first of three cash payments for the acquisition of Sirakoss Ltd.

"The acquisition of Sirakoss broadens OssDsign's product portfolio with a next-generation 510(k)-cleared nano-synthetic bone graft substitute for treating skeletal defects."

A word from our CEO

Despite an unusually challenging environment in 2020, we delivered strong sales growth, expanded both operational capacity and global market presence, and embarked on a transformation into a broader, more scalable orthopaedic company. The pandemic has affected us profoundly, both as individuals and as an organization. Yet, we showed strength and resilience as we continued to serve patients and hospitals with best-in-class cranial implants, even in the face of an unprecedented global health crisis.

"Our ability to maintain this level of growth while faced with the challenges of COVID-19 must be considered a tremendous success. It is strong testimony to the benefits our technology brings to patients as well as the service we provide to customers."

MORTEN HENNEVELD, CEO

Continued growth and strong underlying demand

In 2020, OssDsign continued its structural expansion, showing strong progress despite COVID-19. Sales for the full year 2020 ended at SEK 24.9 million, an increase of 50% compared to the previous year on a constant currency basis. In particular, we saw great performance in some of our European markets, most notably in Germany as well as in France, where there was a remarkably strong uptake in the first year of sales in the midst of the pandemic.

In our key US market, we were able to deliver significant growth despite the surge of COVID-19 cases impacting many of the key US regions. Looking at the full year, our US business grew by 39% and showed a remarkable capacity to recover quickly during periods when restrictions were eased. It is evident that the underlying demand for our products remains strong and that we have the sales infrastructure and operational capacity to turn this demand into sales, as shown by our strong recovery in Q3. Our ability to maintain this level of growth while faced with the challenges of COVID-19 must be considered a tremendous success. It is strong testimony to the benefits our technology brings to patients as well as the service we provide to customers.

Strengthened operations in the US, Japan and Sweden

2020 also saw the implementation of a number of structural improvements, all of which have put OssDsign in an even stronger position from which to launch further growth as the COVID-19 situation normalizes. In the US, we successfully completed the transition of our commercial business from a previous master distributor to our subsidiary, OssDsign USA Inc. Taking full control of this crucial market, the US commercial organization will continue to support the existing distributor network in driving sales growth while executing clinical and marketing projects in conjunction with key opinion leaders.

Key milestones were also achieved in Japan, a new and important market for OssDsign. With the market approval of Cranial PSI with full reimbursement, together with the signing of a distribution agreement with Muranaka Medical Instruments, we are set to move forward. Mutual launch preparations have been delayed due to the COVID-19 impact, but are ongoing, and we now have a promising position in the Japanese market.

Throughout 2020, we have also worked diligently on preparing the business for future scale and growth. One of the key milestones was the move into our new headquarters in Uppsala. This new facility includes larger, more modern production facilities, which received approval from the regulatory authorities in December. This move will allow us to meet higher demand while accelerating our R&D efforts to strengthen our innovative position in the market.

Further confirmation of clinical performance

In 2020, we surpassed the milestone of more than 1,000 cranial implants sold. After we closed the year, we also published updated post-market surveillance data covering 1,055 Cranial PSI implantations, which again reported a complication rate well below the market average. During the year, a new publication in the high-impact journal PNAS provided previously unpublished preclinical data with further confirmation of the bone regenerative potential of OssDsign's technology. These results are in line with previously published clinical data from the use of OssDsign's implant technology. I am proud to see how we continue to set new industry standards, raising the expectations of patients and surgeons in this vital market segment.

Acquisition of Sirakoss and an exciting future ahead

As the above suggests, 2020 was a successful year for OssDsign with many of our organisational improvements starting to prove their worth. To further accelerate our growth trajectory, we acquired Scotland-based Sirakoss in November, including their next-generation 510(k)-cleared bone graft substitute. This marks the start of a transformative journey of expansion into the large and fast-growing USD 5.3 billion orthobiologics market, a highly attractive space with high margins and scalability potential. This is the first step to broadening OssDsign's position in the orthopaedic market, and we look forward to leveraging the vast bone graft and commercial experience that exists within the combined OssDsign and Sirakoss organization. This synergy will allow us to reach many new customers while also leveraging relationships with our existing neuro- and spinal surgeons and their institutions with this novel bone regeneration technology.

I am grateful that OssDsign has received such strong support for our ambitious growth plans during my first period as CEO of the company. The 65 MSEK directed share issue completed in November, and the fully guaranteed 240 MSEK preferential share issue presented in March 2021, will secure the financing of our exciting ASCENT25 strategy, as outlined in a separate chapter in this annual report. I am convinced that the growing OssDsign team, now infused with decades of expertise from Sirakoss, is in an excellent position to deliver on our promises. I could not be more motivated to strive to achieve a broader and stronger outreach for our current and future products, as they are destined to change so many more lives for the better in the years to come.

Morten Henneveld, CEO

The orthopaedic industry: market overview and macro trends

A large and growing global market with several advanced segments characterized by advanced high-margin treatments and products.

Market overview and OssDsign's segments

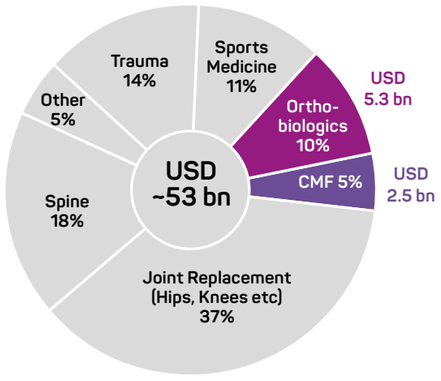
The orthopaedic industry focuses on treating deformities, diseases, and injuries to the skeletal system and associated structures. This global market is valued at 53 billion USD, and it is characterized by advanced high-margin treatments and products in several market segments, with joint replacement being the largest followed by spine, trauma and orthobiologics.

Regionally, the market is dominated by the United States with a 62% market share, followed by EMEA at 24% and APAC at 10%.

OssDsign is active in two orthopaedic market segments:

- The USD 2.5 billion (5%) craniomaxillofacial (CMF) segment, where OssDsign offers its range of solutions for cranial and facial reconstructive surgery, from individual implants and accessories to standardised volume products.
- The USD 5.3 billion (10%) orthobiologics segment, where the acquisition of Sirakoss has expanded OssDsign's portfolio with a 510(k)-cleared synthetic bone graft product for use in orthopaedic surgery.

The global orthopaedic market segments



Favourable market trends driven by a growing and older global population

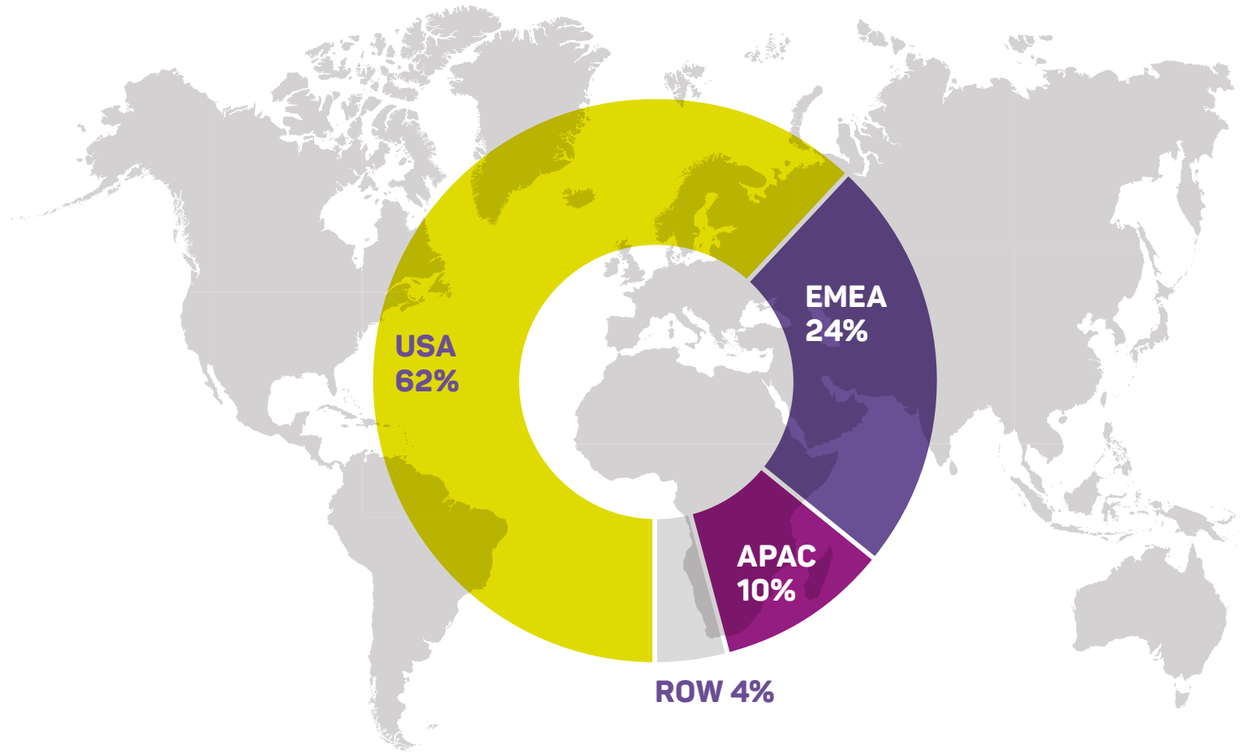
The orthopaedic industry has a favourable global market outlook driven by an increasingly larger and older population in combination with new products offering improved clinical outcome.

The global population of people in the 60+ years group is expected to double from 2020 to 2050. This is due to both overall population growth and an expected increase in life expectancy from 73 to 77 during this period. These trends are noticeable in developed markets, with the United States as the main growth driver, as well as in developing countries with Asia as the expected main driver of growth in the coming years.

Another positive trend is the continuous improvement of the infrastructures used for discovering, performing and financing orthopaedic treatments. This includes more advanced and well-financed healthcare systems in developing countries, and the ability to use digital services for finding and using advanced and individual solutions. OssDsign's bespoke digital communication & design platform for collaboration with surgeons when creating individual implants, is an excellent example of the power in this market trend.

Source:
The Orthopedic Industry Annual Report 2020
United Nations: 2019 Revision of World Population Prospects
Transparency Market Research, Cranial Implants Market (Product – Customized Cranial Implants, Non-customized Implants, Material – Polymer, Ceramic, Metal; End user – Hospitals, Specialty Neurosurgery Centers) – Global Industry Analysis, Size, Share, Growth, Trends, and Forecast 2018-2026, 2019.

OSSDSIGN MARKET OVERVIEW



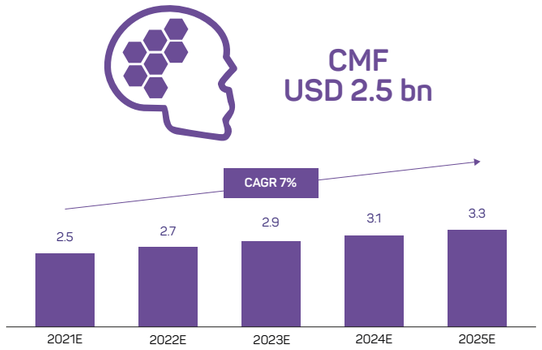
The population >60 years will double from 2020 to 2050

Increase in average life expectancy from 73 to 77 years by 2050

Digitalization drives opportunities to improve clinical outcomes

Market overview – the CMF (craniomaxillofacial) segment

The global market for products in the CMF market segment is estimated at 2.5 billion USD, with an expected CAGR growth of 7% in 2021-2025 up to 3.3 billion USD in 2025. This growth is primarily expected to come from an increased incidence of facial injuries and congenital defects, increased demand for cosmetic facial alterations and general technical progress.



OssDsign addressable market
USD 0.6 bn
Market growth
~ 7%

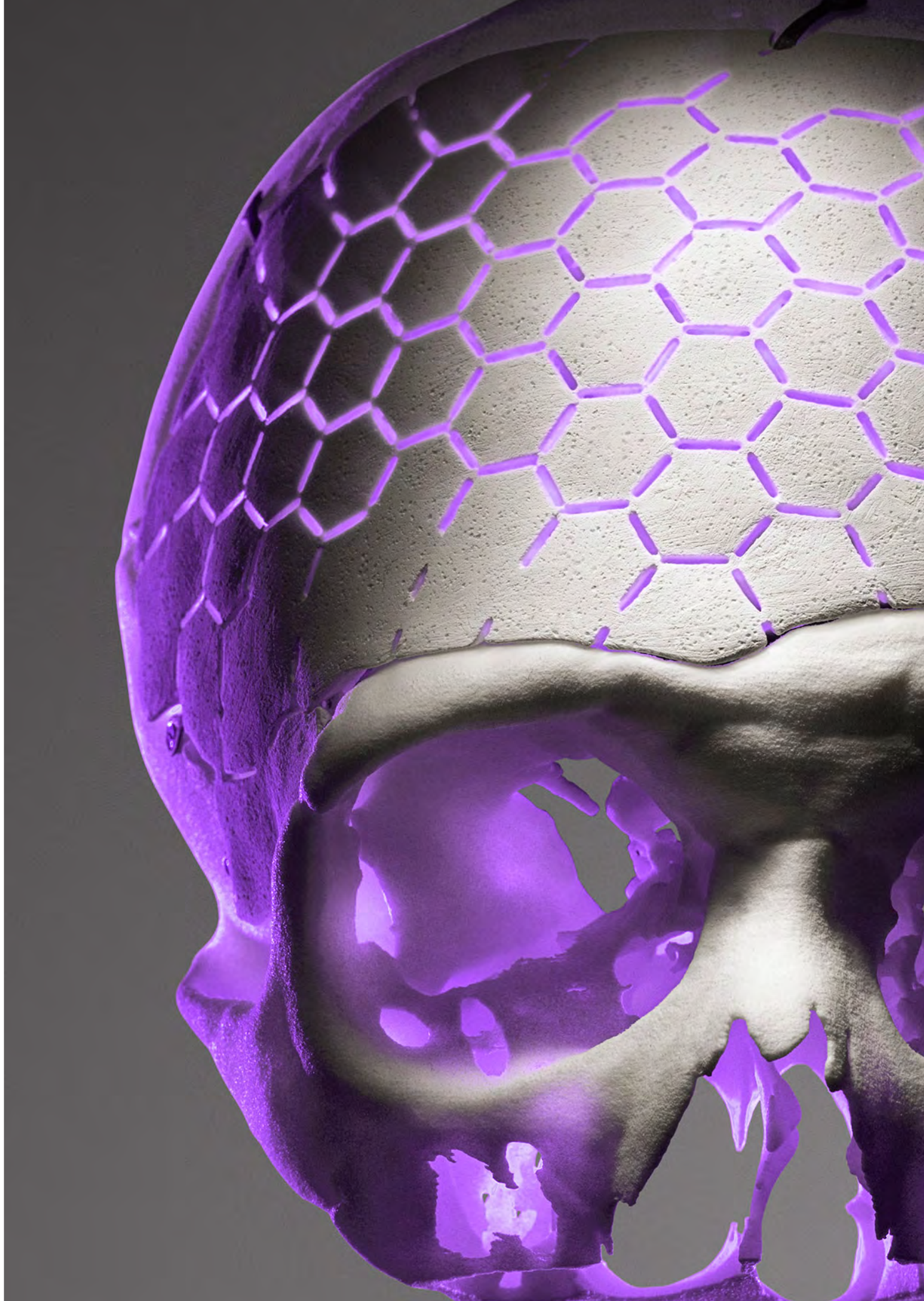
OssDsign's addressable market

In the CMF segment, OssDsign offers its range of patient specific cranio-facial implants: OssDsign Cranial PSI, OssDsign Cranial Accessories, and a standardised solution for easy bone-flap fixation and burr-hole coverage (Cranioplug). The company estimates that the global market volume for cranio-facial implants amounts to approx. 60,000 implants per year. The corresponding number of burr-hole plugs is 930,000 per year.

OssDsign estimates the annual market value of OssDsign patient specific implants to be approx. 400 million USD, while the market for Cranioplug is estimated to 165 million USD. The US is estimated to be the largest single market for OssDsign in terms of volume and accounts for approximately 44% of the market for cranial implants and approximately 34% for burr hole plugs.

Customer segments

OssDsign currently approaches two customer segments in the CMF segment. Neurosurgeons are the main target group for OssDsign Cranial PSI and OssDsign Cranial PSI Accessories, as well as for OssDsign CranioPlug, whereas plastic and reconstructive surgeons are the target group for facial procedures.



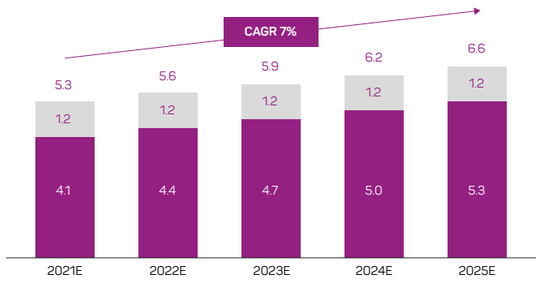
Sources:
The Orthopaedic Industry Annual Report 2020
Bone Graft Substitutes, Market Insights Global 2019, Decision Resources Group
Markets and Markets Patient Specific Cranial/Neuro Implants Markets 2016
The UK National Health Service (NHS) database "Hospital Episode Statistics"
The German database "Information System for Federal Health Monitoring"
Markets and Markets Global CMF market, 2019
OssDsign estimates

Market overview – Orthobiologics

The global orthobiologics market segment is estimated at 5.3 billion USD, with an expected CAGR growth of 7%. This growth is primarily expected to come from increased life expectancy, increasing obesity levels, elderly engaging in more physical activities, and a higher acceptance of synthetic biomaterials among patients and physicians.

Similar to the CMF segment, products in the orthobiologics market are usually highly technically advanced, and there is a substantial need for improved outcomes. This facilitates the achievement of high gross profit margins of above 90% for products in this segment.

Orthobiologics USD 5.3 bn



OssDsign addressable market
USD 2.6 bn
Market growth
~ 7%
Gross profit
> 90%

Sources:
The Orthopedic Industry Annual Report 2020
Bone Graft Substitutes, Market Insights Global 2019, Decision Resources Group
OssDsign estimates

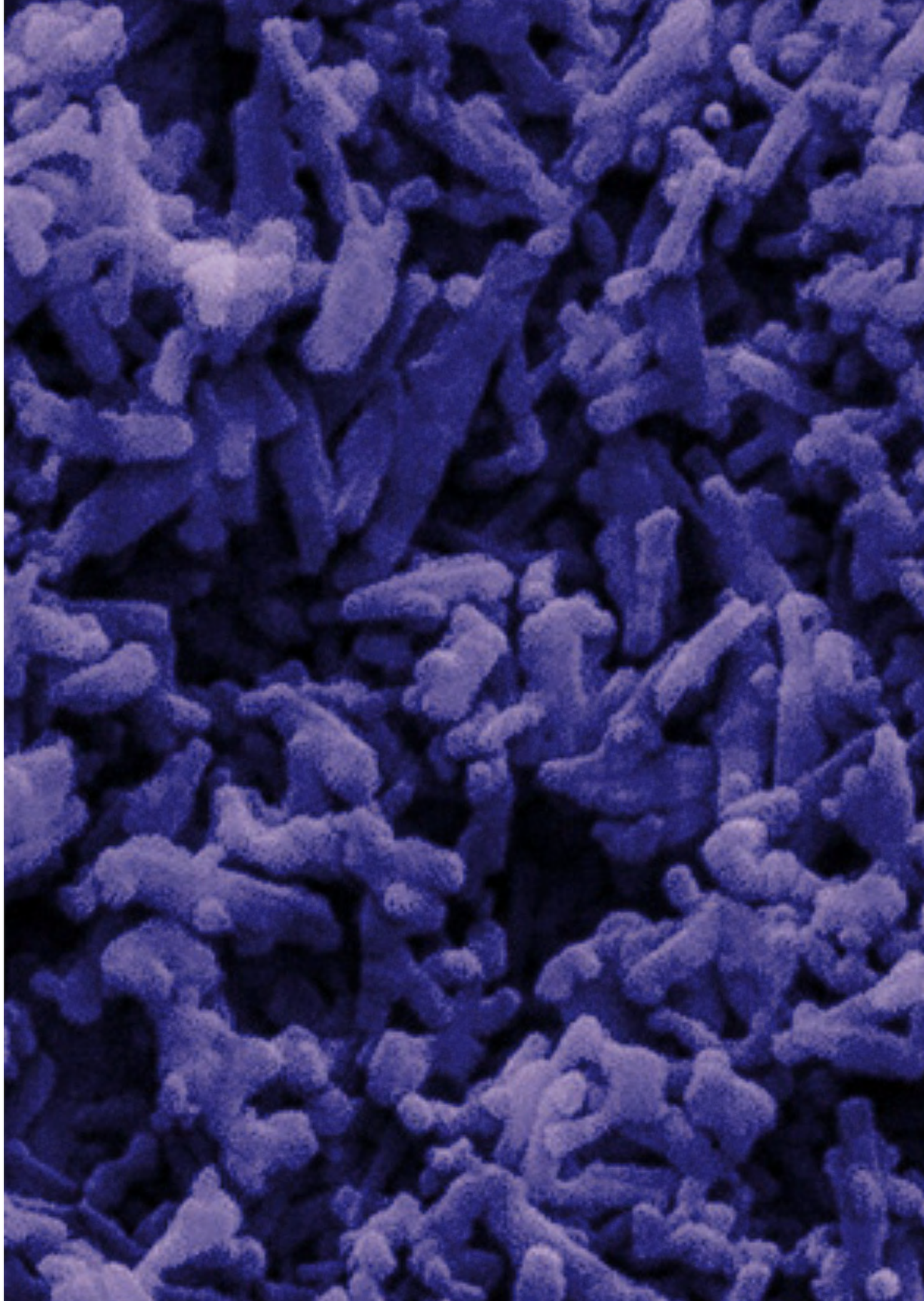
OssDsign's addressable market

In the orthobiologics segment, OssDsign will offer the synthetic bone graft substitute that was included in the company's portfolio in 2020 as a part of the Sirakoss acquisition. The bone graft, formerly known as Sirakoss Osteo[3] ZP Putty, has been rebranded since the acquisition, and will be commercialised as OssDsign Catalyst. Initially, the product will be offered for spinal fusion surgery, which is the largest bone graft segment with an estimated market value of 2.6 billion USD in 2021. The spinal fusion segment is in turn made up of two sub-segments: cervical spinal fusion and thoracolumbar spinal fusion. The United States is the largest geographical market for spinal fusion surgery, representing over 70% of the total market with an estimated CAGR of around 8%.

In contrast to OssDsign's range of cranial implants, the OssDsign Catalyst is a high-volume off-the-shelf product that does not require an individual product creation and delivery process. In this regard, it is thus more similar to the Cranioplug product. After establishing OssDsign Catalyst for spinal fusion surgeries, the company will have the option to expand to the several other surgical disciplines, in many parts of the body, where synthetic bone graft products are also being used.

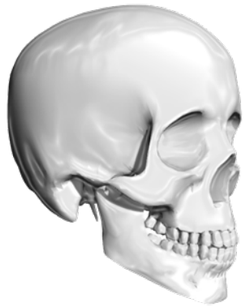
Strong commercial synergies

The aquisition of Sirakoss bring a broad customer and sales channel overlap for OssDsign. The customer group for OssDsign's spinal fusion product is made up of the same surgeons that the company is already targeting for its cranial implants. This is expected to create substantial synergy effects and facilitate a rapid market entry. As US surgeons represent more than two thirds of the value of the global spinal fusion market, OssDsign will be able to address a majority of the market just by leveraging its strong commercial organisation in this important region.



Business overview – Strong demand for an improved cranial implant solution

The CMF (craniomaxillofacial) segment, including cranial implant surgery, is characterized by a strong medical need for improved solutions. The traditional use of the patient's own bone, conventional plastic or metal implants are associated with high rates of costly complications and patients needing reoperations. This has created a strong demand for better solutions among patients, surgeons and healthcare entities alike.



> 1 million
Americans suffer a traumatic brain injury each year

> 250,000
of these are hospitalized and undergo surgery

> 10%
of cranial implants may be removed according to medical literature

GROWING RATE OF TRAUMATIC BRAIN INJURIES IN KEY MARKETS

With an increasingly older and more active population, surgery after traumatic brain injury and cancer tumour removal is becoming more common all over the world. This is especially true in developed regions such as Europe and the US.

In the United States alone, more than one million people suffer a traumatic brain injury each year. Of these, more than 250,000 are hospitalized and undergo surgery. As published in the medical literature, the average infection rate leading to implant removal of traditional materials is 7-11%. The high removal rate is obviously in severe need of improvement.

Three most common reasons for cranial surgery with subsequent need for an implant:

- Raised intracranial pressure and brain swelling due to trauma or stroke
- Bone defects following head trauma
- Bone tumours such as meningioma, necessitating removal and reconstruction

"OssDsign's regenerative implant technology sets a new industry standard with just 2% implant removals"

Sources:
Market&Markets Patient Specific Cranial/Neuro Implants Markets, 2016
The UK National Health Service (NHS) Hospital Episode Statistics
The German Information System for Federal Health Monitoring
US Dept of Health and Service, 1999
Kihlström et al, 2019

OSSDSIGN BUSINESS OVERVIEW – CMF

OssDsign's regenerative implant technology developed to address the medical need in the CMF segment

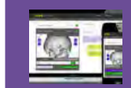
OssDsign has developed a clinically validated bioceramic material that enables regrowth of the patient's own bone structure over time. With a low risk of complications, OssDsign's technology aims to bring substantial benefits for patients and healthcare systems.

Key features

A regenerative calcium phosphate composition provides healing and bone-regenerative properties.

3D-printed medical-grade titanium reinforces the implant with the aim of providing lifelong stability for each patient.

Unique design for each patient based on CT data enables the creation of implants tailored to the patient's defect and anatomical requirements using CAD technology and 3D printing.



Bespoke digital communication & design platform for surgeons, allows for an effective collaboration process from order to delivery that can be scaled globally.

Clinical validation

Retrospective study at Karolinska University Hospital (World Neurosurg. 2018), with 53 implants at median 25 months in complex cohort (64% previous failures), resulted in a 1.9 % removal due to infection and histological evidence of bone regeneration.

Post-market surveillance on 1,055 patients, with 181 hospitals providing data, shows a 2.0 % removal rate due to infection.

Growing body of peer-reviewed evidence includes Omar et al PNAS 2020, Henderson et al 2020 and Sundblom et al 2018, 2019

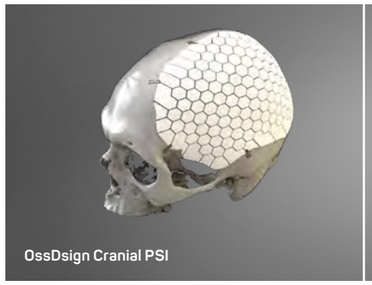
Cranial PSI has set new industry standards for the level of complication rates to be expected

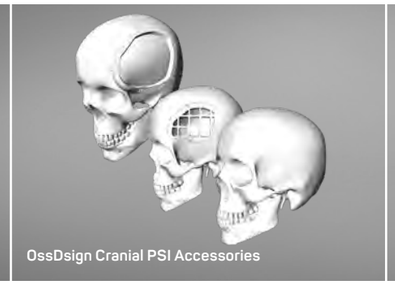
≈ 2 %
Implant removals

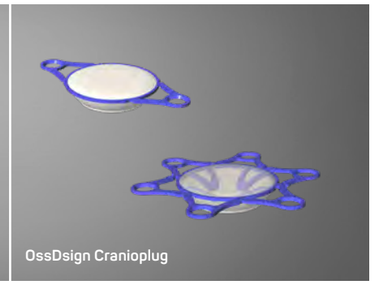
Sources:
Kihlström et al 2019
Improving outcomes in cranioplasty, OssDsign White paper 2021

Business overview –
A focused product range based on OssDsign's clinically validated ceramic material for patient-specific implants and standardised post-operative solutions

OssDsign's CMF product portfolio includes a range of solutions, from patient-specific implants and accessories to standardised volume products. They are based on the company's clinically validated ceramic material and a patient-centric approach.


OssDsign Cranial PSI


OssDsign Cranial PSI Accessories

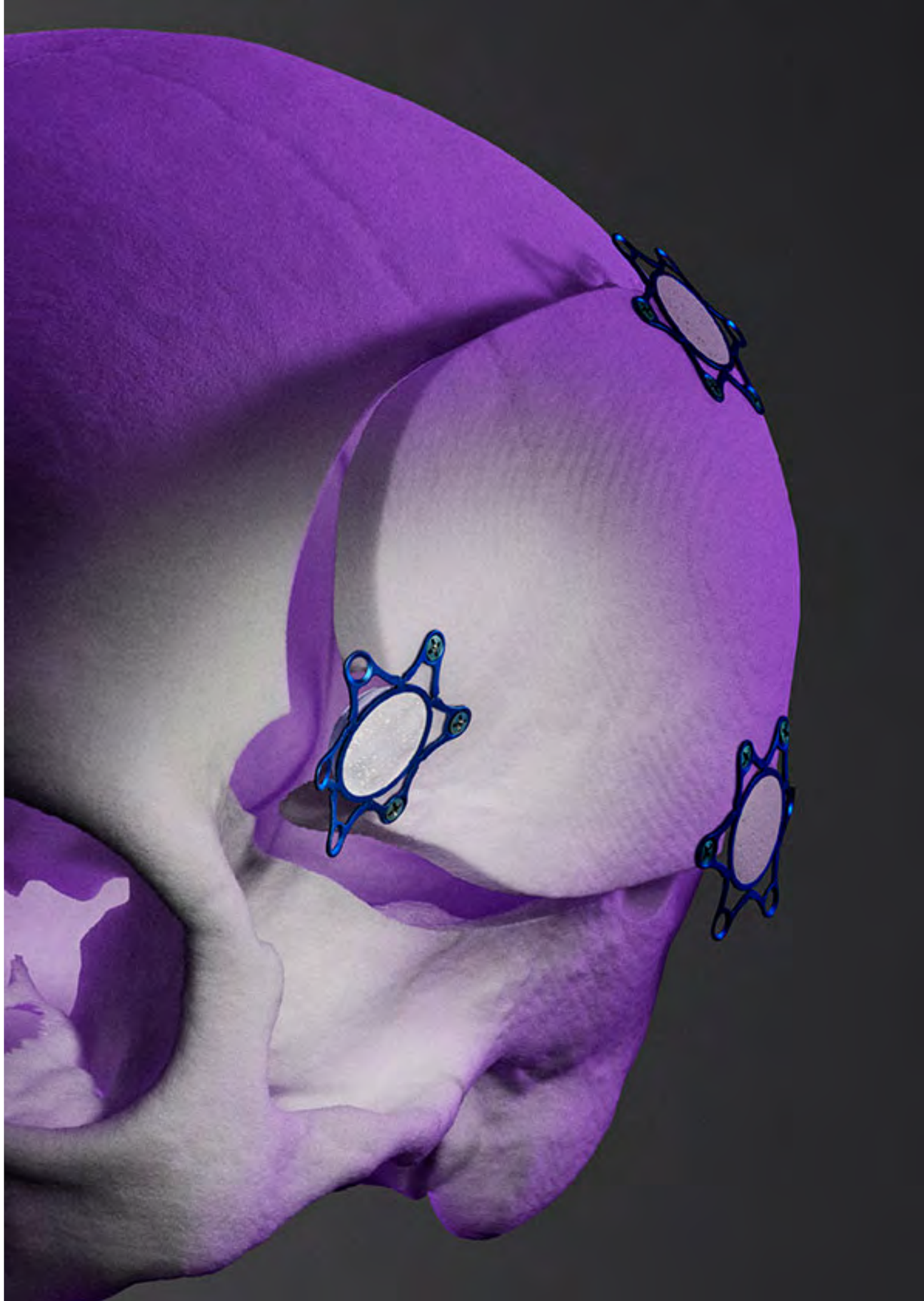

OssDsign Cranioplug

OssDsign Cranial PSI
combines leading-edge established material science and advanced 3D printing. Its 3D-printed individual titanium skeleton, using patient-specific CT data, offers patients excellent stability and protection. The outer ceramic shell, composed in a mosaic tile design, allows for tissue ingrowth and vascularisation while transferring load to the titanium skeleton.

OssDsign Cranial PSI Accessories
are a set of devices aimed at facilitating advanced surgical procedures, which would be difficult to perform without these types of devices.

OssDsign Cranioplug
is the company's first volume product, engineered for easy bone-flap fixation and burr-hole coverage. Like the patient specific implants, it provides the beneficial properties of a titanium structure combined with the company's ceramic outer shell with documented ability to integrate with surrounding bone. OssDsign Cranioplug is available in four versions, for burr-hole closures (11 and 14 mm, two fixation arms) and bone-flap fixation (11 and 14 mm, six fixation arms).

Products under evaluation
OssDsign will focus its CMF business on the products described above, which means that additional products/product segments are being evaluated. The company is currently evaluating I) OssDsign Facial PSI (re-evaluation of the product's clinical use) and II) implants for use in oral surgery (potential out-licensing is being explored).



Business overview – Substantial unmet medical need in the spinal fusion segment

In the orthobiologics segment, OssDsign will initially target spinal fusion surgeries with its new OssDsign Catalyst synthetic bone graft solution. This subsegment is characterized by a strong demand for a better solution than existing traditional methods, and the customer group consists of the same surgeons as the ones performing CMF operations with OssDsign's established Cranial PSI and Cranioplug product ranges.

Complex traditional methods with high reoperation rates

Today, when two vertebrae are to be fused together, surgeons rely on traditional methods such as autograft (using the patient's own bone) and allograft (bone transplanted from a donor). Both are complex to handle, painful for the patient and produce quite varying results. This means that the operations are complex, reliant on donors in many cases, and many patients have to go through reoperations. Up to 35% of spinal fusions have an unsuccessful outcome (non-fusion). Patients, surgeons and healthcare systems are likely, therefore, to welcome an easier-to-use solution and a higher success rate from both a medical and cost perspective.

Strong US market with over 1.5 million annual surgeries performed

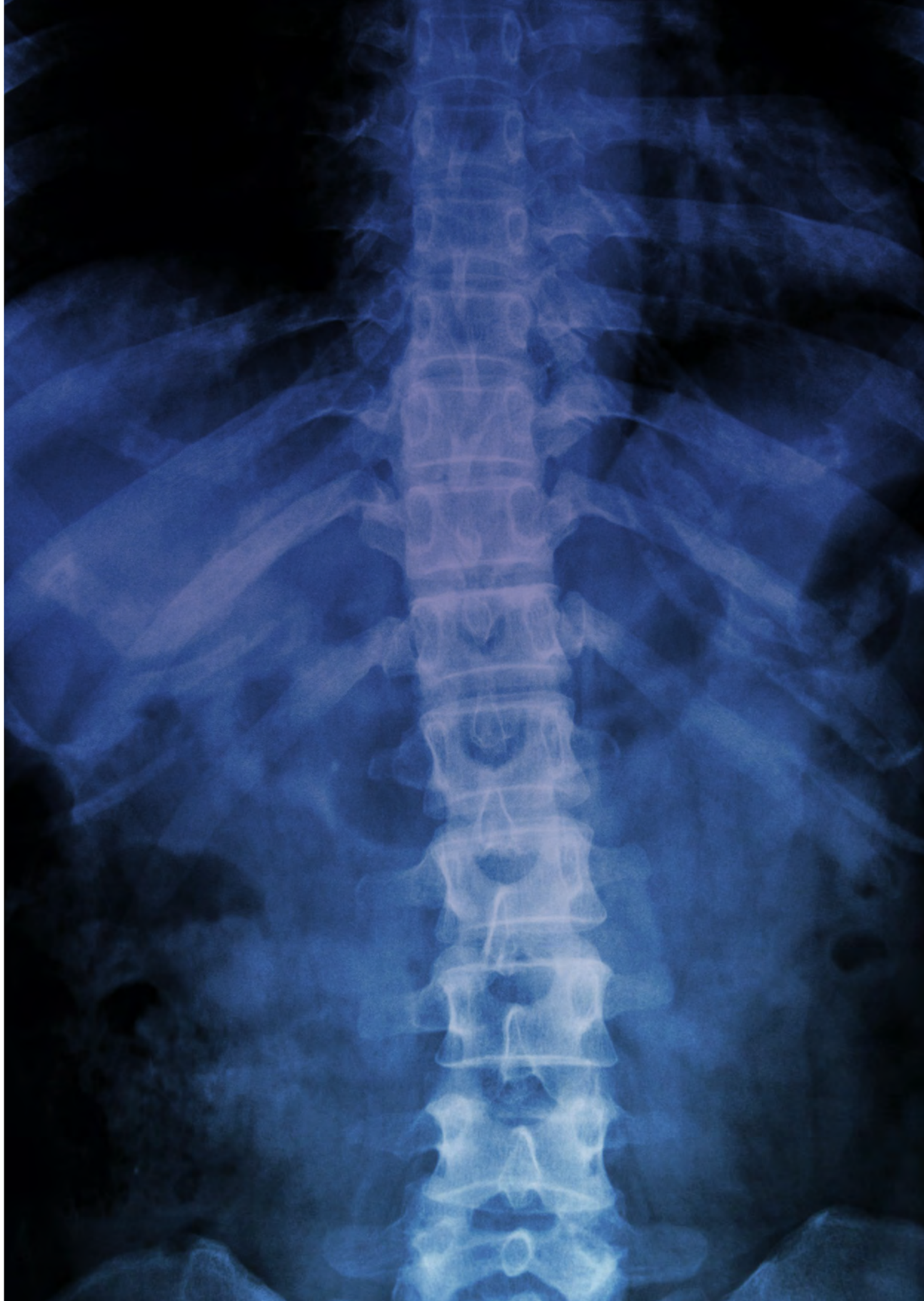
Of the global spinal fusion market, more than 70% or >1.5 million surgeries are performed annually in the United States alone. This high number, along with and an estimated 8 CAGR growth rate, comes from the fact that an estimated 80% of all Americans will experience lower back pain at some point in their lives. Some of the factors behind this are an increasingly older population, a high obesity rate and older citizens living more active lives, which exposes them to the risk of injuries while also reducing their tolerance of immobility.

Nearly 80%
of Americans will experience lower back pain at some point in their lives

>1.5 million
spinal procedures are performed each year in the US alone

Up to 35%
of spinal fusions have an unsuccessful outcome (non-fusion)

Sources:
Bone Graft Substitutes, Market Insights Global 2019. Decision Resources Group.



Business overview – OssDsign's synthetic bone graft solution - OssDsign Catalyst

OssDsign has high hopes for this key asset, acquired as part of the Sirakoss deal, with first sales of OssDsign Catalyst already expected in the US market in 2021.

FDA clearance and excellent pre-clinical results
Towards the end of 2020, OssDsign completed the aquisition of Sirakoss, thereby broadening the product portfolio with a newly developed bone graft substitute. The bone graft substitute, previously named Osteo³ ZP Putty, now rebranded as OssDsign Catalyst, is based on a nanosynthetic material that has been developed to provide surgeons with an easily handled but advanced solution for treating skeletal defects. OssDsign Catalyst is already FDA 510(k) cleared and commercialisation activities are being significantly ramped up in 2021 with strong focus on the US market.

The FDA 510(k) clearance was based on excellent preclinical results for the product. At 12 weeks, 7/8 fusions were successful, and after 26 weeks, 8/8 fusions were successful. When using the Boden model, considered to be the best predictive pre-clinical model (scientific, regulatory, clinical consensus), OssDsign Catalyst is the best-performing synthetic bone graft to date.

Why go synthetic?
OssDsign Catalyst is designed to provide reliably high fusion rates and appropriate, predictable cellular graft resorption compared to other synthetics, without disadvantages such as donor-site morbidity and pain associated with autograft.

Key features of OssDsign Catalyst

- Fully synthetic
- Si — High level of osteogenic silicon
- Unique nanoporous structure
- Osteoinductive potential

Pre-clinical data

OssDsign Catalyst
7/8 fusions @ 12 weeks
8/8 fusions @ 26 weeks
Confirmed by µCT, Histology

BMP-2
~93% clinical fusion rates
7/8-8/8 fusion in Boden model

3rd gen Synthetics
~80% fusion rates
2/8-4/8 fusion in Boden model

≈ 100%
fusion in pre-clinical model

Boden model is the best predictive pre-clinical model
(scientific, regulatory, clinical consensus)
OssDsign Catalyst is the best-performing synthetic bone graft in that model

Sources:
InFuse PMA data PMA000058b
Alimi et al, Clinical Spine Surg. 2017
Bolger et al, European Spine Journal 2019
Walsh et al, The Spine Journal 2020

Synthetic bone graft
(OssDsign Catalyst)
Only one point of surgery
Remodels like bone
No preparation required
High accessibility
Long shelf life

Autograft
(using the patient's own bone)
Additional surgery required
Variable quality
Access dependent on bone quality and number of surgeries
Complicated handling
Significant incidence of post-op pain and donor-site morbidity.

Allograft
(bone transplanted from a donor)
Higher risk of disease transmission
Variable quality
Limited access and complex handling
Limited efficacy

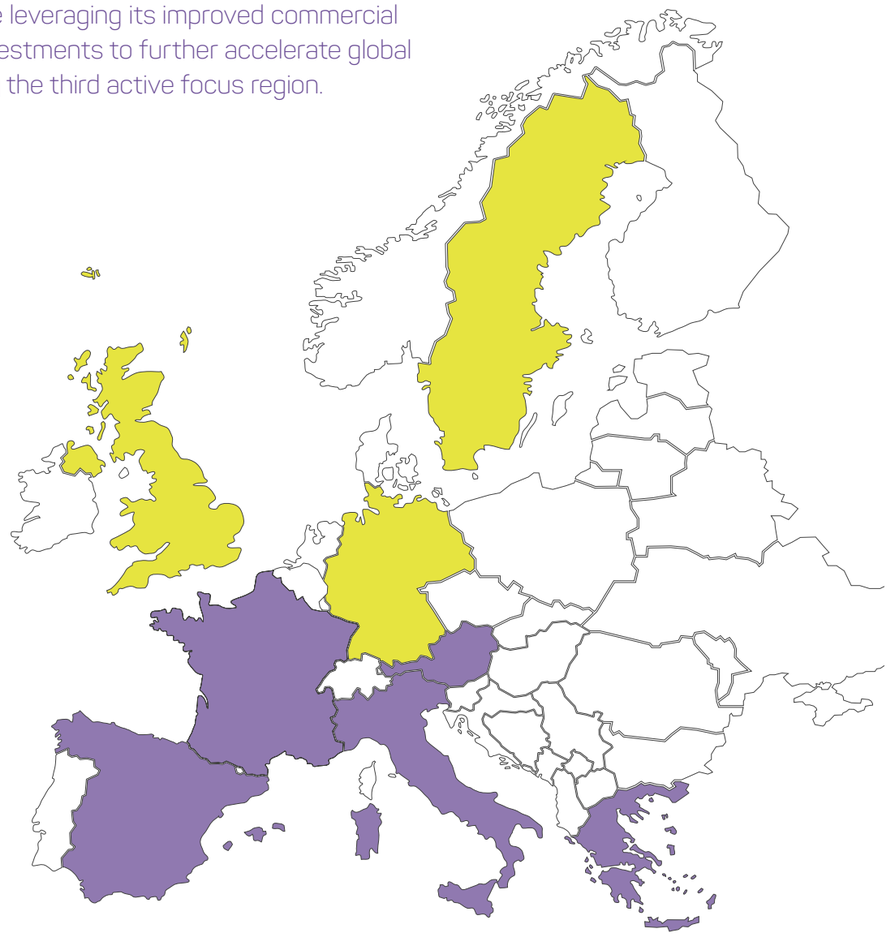
Strong positioning in key markets

OssDsign has a strong commercial presence in Europe and the United States, and expects a broad market launch in Japan in 2021. The main themes in 2020 were the strengthening of the commercial structure and sales channels in Europe and the United States, together with the market approval of Cranial PSI and the signing of a distributor agreement with Muranaka Medical in Japan. In 2021, the company will expand its US presence into the attractive orthobiologics market, while leveraging its improved commercial structure and additional investments to further accelerate global sales, with Japan becoming the third active focus region.

EUROPE/EMEA

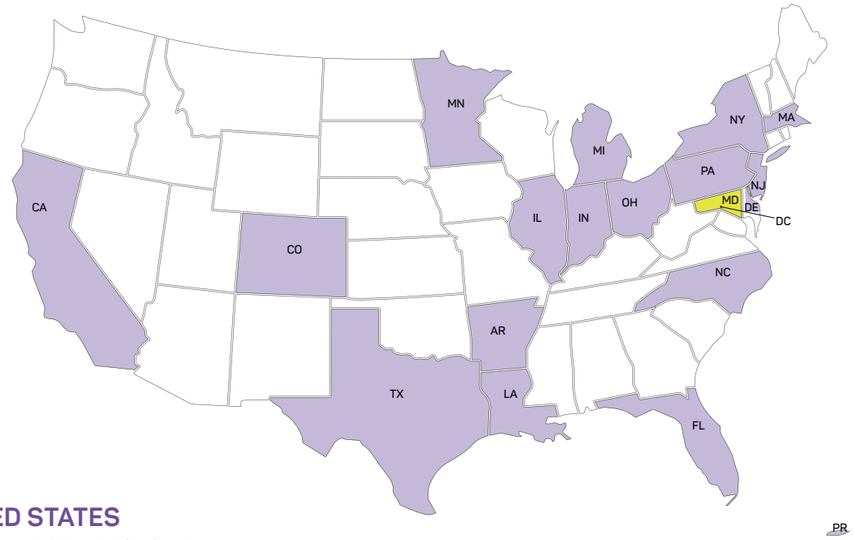
OssDsign sales in 2020:
15,2 (9.8) MSEK
Cost coverage: Full coverage in all markets with the exception of Austria, Greece, Italy and Spain where custom-made implants are covered by hospital budgets.
Outlook for 2021: OssDsign will continue to build on its strong growth momentum prior to COVID-19 (including re-scheduling of post-COVID-19 surgeries), continue its expansion in the new French market, as well as in other markets by strengthening existing customer relations, and driving new business.

Estimated market value in 2020 (CMF only): 1,800 MSEK
Of which, direct sales markets: 900 MSEK
Of which distribution agreement markets: 900 MSEK



DIRECT SALES MARKETS
Sweden
Germany
UK

DISTRIBUTION AGREEMENT MARKETS
Spain
Italy
Austria
Greece
France



THE UNITED STATES

OssDsign sales in 2020: 9,2 (6.8) MSEK
Outlook for 2021: OssDsign will invest heavily in this market to drive surgeon engagement and KOL activities, including establishment of clinical registries and start-up of clinical studies. This is expected to drive post-COVID-19 growth in the CMF segment, including the re-scheduling of post-COVID-19 surgeries. OssDsign's entrance into the attractive orthobiologics segment, with expected first sales in H2, will be a transformative next step for the company.

Estimated market value in 2020, CMF: 2,000 MSEK
Spinal bone graft: 1,800 MSEK

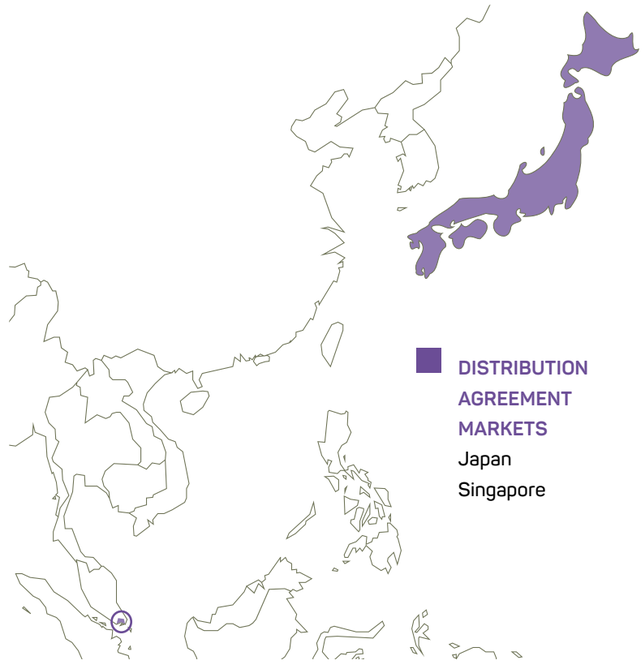
US HEADQUARTERS
OssDsign USA Inc.
Columbus,
Maryland

STATES & TERRITORIES WITH HOSPITALS SERVED

JAPAN

Outlook for 2021: Due to COVID-19 restrictions, many of OssDsign's mutual launch preparations for Cranial PSI with its partner Muranaka have been delayed, even though the parties are committed to proceeding with all possible activities. In addition to not being able to visit key customers, hospitals and KOLs, additional delays include training of distributor sales representatives due to lack of face-to-face meetings. However, OssDsign and Muranaka will be ready to move ahead at full speed as soon as COVID-19 restrictions are lifted and traveling becomes possible again.

Estimated market value in 2020 (CMF only): 750 MSEK



DISTRIBUTION AGREEMENT MARKETS
Japan
Singapore

Impact of COVID-19 and outlook for 2021

EFFECT OF COVID-19 ON OSSDSIGN'S OPERATIONS

In 2020, OssDsign had a strong start with a pre-COVID first quarter showing exemplary growth, thus confirming the positive impact of the initiatives implemented in 2019 and after the company's IPO. This left OssDsign well poised to continue delivering top-line growth during the rest of the year.

However, since the onset of the pandemic in the middle of March 2020, there has been a widespread postponement of elective surgeries, including those relevant to OssDsign, as healthcare systems manage the pandemic.

As a consequence, sales representatives had limited access to hospitals. This resulted in a reduced level of incoming orders from the second quarter and throughout the year. The impact on our markets has varied in terms of the variations in how markets/regions have managed the pandemic with regard to imposed restrictions, as well as differences in the resurgence of the subsequently recurring waves of the pandemic throughout the year. It has, however, been evident that the underlying long-term demand for OssDsign's products remains intact, as was evidenced during the third quarter when the company saw a strong recovery in procedure volumes back to the strong pre-COVID-19 levels of the first quarter as restrictions were eased primarily in Europe. More normal scheduling of neurosurgical procedures was also noted during this period. In the fourth quarter, there was a resurgence of restrictions and postponed elective surgeries due to a second wave of COVID-19 across many markets.

A higher level of uncertainty in the company's outlook therefore remains. However, with a proven intact underlying demand for our products, and with the current vaccination programmes ongoing, OssDsign expects to see an improvement of the situation during 2021. This trend is expected to accelerate in the second half of the year due to progress in COVID-19 vaccination programmes, supplemented by additional procedures from currently postponed surgeries.

EXCEPTIONAL GLOBAL SALES GROWTH CONSIDERING COVID-19

In 2020, OssDsign leveraged its improved commercial structure and sales channels in Europe and the United States to deliver a 50% global sales growth, with Germany being the top performer at 126%. This is a stellar result considering that the company saw a negative COVID-19 impact from mid-March and throughout the year. In particular, it was encouraging to see a remarkably quick and strong recovery during periods with lesser restrictions – evidence that the strong underlying demand for our products remains intact.

IMPORTANT MILESTONES EXPECTED IN 2021

US launch of OssDsign Catalyst H2 in US
With the first sales in orthobiologics market, expected in the US in H2 2021, OssDsign will take a transformative first step towards becoming a broader and larger orthopaedic company. This was made possible through the key acquisition of Sirakoss in 2020, and the integration of the company is progressing well. OssDsign expects to have US manufacturing for the orthobiologics market set up in H1 2021, which will be one of the key milestones during the first half of the year.

Launch OssDsign Cranial PSI in Japan
In 2021, OssDsign will ramp up its market activities in Japan to drive OssDsign Cranial PSI sales, delayed from 2020 due to COVID-19 restrictions, together with its partner Muranaka. The company has already established a strong starting point in the market by initiating a relationship with one of the leading KOLs in Japan, who successfully performed surgeries under ethical approval in 2020. This establishes a good foundation for a broad adoption of the product in 2021 as the COVID-19 situation normalizes.

Acceleration of clinical programmes
Starting in 2021, OssDsign will substantially increase its investments in clinical programmes in order to provide sales support through strong clinical outcomes. Key initiatives in this area in 2021 include the initiation of CMF and bonegraft clinical registries, as well as pre-clinical and clinical trials for both CMF and orthobiologics.

ASCENT25 – OssDsign's strategy towards 2025

In connection with its spring 2021 rights issue announcement, OssDsign revealed the full extent of its ambitious ASCENT25 strategy. This strategy outlines the company's aspirations and business goals up until 2025. The ultimate ambition is to build a solid orthopaedic company that is cash-flow positive from operations in 2024 and delivers 300–400 MSEK in revenue in 2025.

A THREE-STEP PATH TO FULFILL ALL STRATEGIC GOALS

To deliver on its ASCENT25 strategy, OssDsign's path to success is divided into three phases, the first of which has already been successfully completed. The main objectives of each phase are described in the illustrations on this page.

Foundation
2018 – 2020

- Expand the OssDsign team
- Build strong clinical data for OssDsign Cranial PSI
- Improve the commercial structure in Europe and the US

The key objective in this phase was to build a strong platform for continued expansion, including significant revenue streams to indicate the company's full commercial potential.

Expansion & investment
2021 – 2023

- Expand OssDsign's product portfolio in both the CMF and orthobiologics segments
- Further expansion of the commercial presence and surgeon engagement in the US
- Expand clinical studies and data registries in Europe and the US for both CMF and orthobiologics products

The key objective in this phase will be to leverage the expanded CMF and orthobiologics portfolio to achieve further revenue growth and significant gross profit in key regions.

Profit & cash
2024 – 2025

- Complete the product portfolio by expanding/fine-tuning the orthobiologics/spine portfolio
- Achieve group-level profitability and a positive cash flow
- Further focus on business optimisation and automated production

The key objective in this phase will be to reach and surpass breakeven, while improving operational excellence in all parts of the company.

ONE GROWING TEAM
THREE ORTHOPAEDIC SEGMENTS
FIVE STRATEGIC PRIORITIES

FIVE STRATEGIC PRIORITIES TO STAY FOCUSED WHEN EXECUTING ON THE STRATEGY

To remain focused throughout the execution of its ASCENT25 strategy, OssDsign has identified five strategic priorities that the company will constantly strive to achieve.

1 **Win in the US**
OssDsign will disproportionately direct its investments towards the US to increase footprint and accelerate surgeon engagement and KOL activities.

2 **Build the orthobiologics business**
Investments to build the business with strong surgeon ambassadorship, portfolio extensions and clinical data.

3 **Innovate the portfolio**
Innovate and expand the product portfolio by leveraging the technology platform and exploring ways to enter the spine segment.

4 **Show clinical superiority**
Major investments in the early part of the strategy period in clinical registries and pre-clinical/clinical trials to show strong outcomes for OssDsign's products.

5 **Drive operational efficiency**
Reduction of COGS (cost of goods sold) and delivery times, as well as production automation. This will drive efficiency while also building robustness and resilience.

Key reasons
to invest in OssDsign

- **Highly attractive markets** – growing, profitable and unmet clinical needs
- **Differentiated technology & products** – regulatory approvals and reimbursement
- **Global commercial infrastructure** – synergies and scalability
- **Positioned for the US market** – the largest in the world
- **Strong momentum and clear 2025 strategy** – many triggers of future value creation

- Proven technology platform to **INNOVATE product portfolio**
- Strong sales engine and footprint to **SCALE & COMMERCIALIZE products**
- An experienced team to **BUILD a successful business**

Share price development in 2020

OssDsign's shares were listed on Nasdaq First North Growth Market, Stockholm, on May 24, 2019. At the end of 2020, the total number of OssDsign shares amounted to 22,166,460 and the number of shareholders was around 2,700.

Share capital and ownership

At the end of 2020, OssDsign's share capital amounted to SEK 1,385,403.75 distributed between 22,166,460 shares. All shares have equal voting rights and right to dividend. The company's principal owners are SEB Venture Capital (12.4%), Karolinska Development AB (11.8%) and Fouriertransform AB (9.8%).

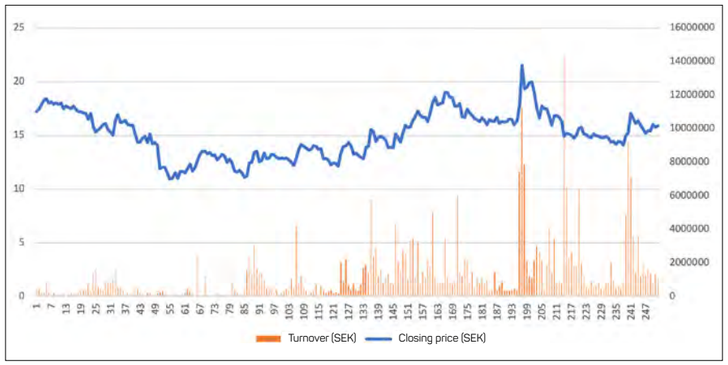
Dividend policy

OssDsign is a growth company, and to date no dividend has been distributed to its shareholders. Furthermore, there is no dividend planned for the coming years, as any profits from business operations will be reinvested in the company. In the future, when the company's earnings and financial position so permit, dividend pay-outs may become relevant. When dividend becomes relevant, the company's board of directors will consider factors such as the growth and profitability of the company's business operations, working capital and investment needs, financial position and other factors when deciding on a possible dividend proposal.

Certified Advisor

Erik Penser Bank AB is appointed as the company's certified adviser.
Contact information:
Erik Penser Bank AB,
Box 7405, 103 91 Stockholm,
tel: +46 (0)8-463 80 00,
e-mail: certifiedadviser@penser.se.

Share price development in 2020



Largest shareholders on December 31, 2020

Shareholder's name	Number of shares	Owner share in %
SEB Venture Capital	2 746 368	12.4
Karolinska Development AB	2 614 096	11.8
Fouriertransform AB	2 181 632	9.8
Försäkringsbolaget Avanza Pension	896 387	4.0
SEB AB, Luxembourg Branch	818 510	3.7
Öhman Bank, S.A.	792 000	3.6
TJ Junior AB	778 288	3.5
Lancelot Avalon Master	655 000	3,0
Danske Bank International, S.A.	598 631	2.7
Société Generale Nantes	493 229	2.2
Other	9 592 319	43.3
Total	**22 166 460**	**100.0**

OssDsign Board

SIMON CARTMELL

Board member and chairman of the board since 2016.

Education and experience: Bachelor of Science in Medical Microbiology from the University of Manchester and a Master's of Science in Management and Economics from the University of London, and a Fellow of the London Business School Sloan Program. Simon Cartmell has over 40 years' experience in senior executive and board positions in both private and listed companies in the pharmaceuticals, biotech, medtech and diagnostic sectors.
Other ongoing assignments: Chairman of the board of Oviva AG as well as board member of Axis Spine Technologies Ltd. and Route2Property Ltd. In addition, he is CEO and board member of Route2Advisors Ltd.
Holdings: 45,000 shares and 122,332 warrants of series 2019/2022:2.

NEWTON AGUIAR

Board member since 2019.

Education and experience: Bachelor of Science in Chemistry from McGill University in 1986 and Master of Business Administration (MBA) from JL Kellogg Graduate School of Management, Northwestern University in 1992. Newton Aguiar has considerable experience of board work and has been a board member of a number of public and private companies, including healthcare companies based in Sweden. He has also been Senior Healthcare Advisor in Warburg Pincus and partner and Head of Europe for Avista Capital.
Other ongoing assignments: Board member of Intervacc AB and Palette Life Sciences AB.
Holdings: 41,600 shares and 30,583 warrants of series 2019:2022:2.

VIKTOR DRVOTA

Board member since 2015.

Education and experience: Qualified doctor, docent and assistant professor of cardiology at Karolinska Institutet. Viktor Drvota has more than 17 years' experience of venture capital within life science. Viktor Drvota was responsible for life science at SEB Venture Capital 2002–2016 and has many years of experience of board duties in biotech and medtech companies.
Other ongoing assignments: CEO of Karolinska Development AB. Chairman of the board of Modus Therapeutics AB, Modus Therapeutics Holding AB, Umecrine Cognition AB and KDev Investments AB. Board member of UC Research AB, Dilafor AB and Dilafor Incentive AB. Deputy board member of Promimic AB and Svenska Vaccinfabriken Produktion AB.
Holdings: -

HÅKAN ENGQVIST

Board member since 2016.

Education and experience: Certified civil engineer in material science, senior lecturer in material science and professor in applied material science at Uppsala University. Håkan Engqvist has lengthy research experience with a focus on bioceramic materials as a replacement for hard tissue as well as on systems for pharmaceutical distribution. Håkan Engqvist is the primary inventor of the Company's product OSSDSIGN Cranial as well as co-founder of OssDsign and has also founded several other companies. Håkan Engqvist also has experience from board positions in a number of companies, including pharmaceutical companies and medtech.
Other ongoing assignments: CEO and board member of Aduro Material AB. Chairman of the board of Psilox AB. Board member of Emplicure AB. Partner of GP Bio Ltd.
Holdings: 224,000 shares and 122,332 warrants of series 2019/2022:2.

ANDERS QVARNSTRÖM

Board member since 2019.

Education and experience: Master of Science in Chemical Engineering (with specialization in biochemistry), from Royal Institute of Technology, Stockholm. Anders Qvarnström has 34 years of international experience from several General Management positions in listed and private biotech and medical device companies. He has experience in running business and companies internationally and has built up sales and marketing in EU, Japan and the US. He has recently been Country Manager for Nilfisk Inc. Japan and Divisional Manager at St. Jude Medical Japan Co as well as COO for Global Kinetics Corp. (Australia).
Other ongoing assignments: Chairman of the board of iCellate AB.
Holdings: 23,000 shares and 30,583 warrants of series 2019/2022:2.

OssDsign Management

MORTEN HENNEVELD

CEO since 2020.

Education and experience: MSc in international business administration from Copenhagen Business School, Denmark. Morten Henneveld has extensive international experience within medical technology products with a background as Director, Commercial Excellence for Coloplast during the period 2008-2012, including a period working in the US, and after that, as Malmö-based Managing Director, Sweden and Regional Vice President, Nordics for Biomet followed by the position of Vice President, EMEA Spine for Zimmer Biomet during the period 2012-2016. Morten was most recently Senior Vice President, Business Transformation & Strategy for GN Group.
Other ongoing assignments: Advisory Board Member at SIME Clinical AI.
Holdings: 17,500 shares.

ANDERS SVENSSON

CFO since 2021.

Education and experience: MBA focusing on strategies/finance from the Australian Graduate School of Management. Anders has many years and solid experience of leading positions extending over a number of different industries and including both manufacturing and service companies. Anders is an entrepreneurial CFO and company manager with broad experience from pharma, lighting, electronics, retail trade and digitalisation/software development in Sweden and internationally, and possesses good qualifications for managing finance departments.
Other ongoing assignments: -
Holdings: -

RICK THOMAS

VP of Commercial Operations since 2016.

Education and experience: Bachelor of Science in pharmacology from Sheffield University (Sheffield, the UK). Rick Thomas has 22 years' experience from commercial roles in the pharmaceutical and medtech industries, initially in large organisations such as Medtronic and subsequently with companies in the start-up phase. Rick Thomas was, among others, a member of the management group of Apatech, a British company successfully sold to Baxter for approximately USD 330 million in March 2010.
Other ongoing assignments: Board member of RedMed Consulting Ltd.
Holdings: 6,300 shares and 85,632 warrants of series 2019/2022:1.

KAJSA BJÖRKLUND

VP of Technical Operations since 2018 and previously Director of Development since 2016.

Education and experience: PhD in Inorganic Chemistry as well as M.Sc. in Chemistry from Uppsala University. Executive MBA from Mgruppen Svenska Managementgruppen AB. Kajsa Björklund has worked within the Life Science industry since 2001 and has experience from positions as, among others, line manager, project manager and consultant, with a focus on medtech and products within vitro diagnostics. Kajsa Björklund has comprehensive experience within product development, project management, design transfer and quality work. Kajsa Björklund's role as Director of Technical Operations includes responsibility for production, product supply, manufacturing technology and product development.
Other ongoing assignments: -
Holdings: 9,000 shares and 24,466 stock options of series 2019/2022.

ULRIK BIRGERSSON

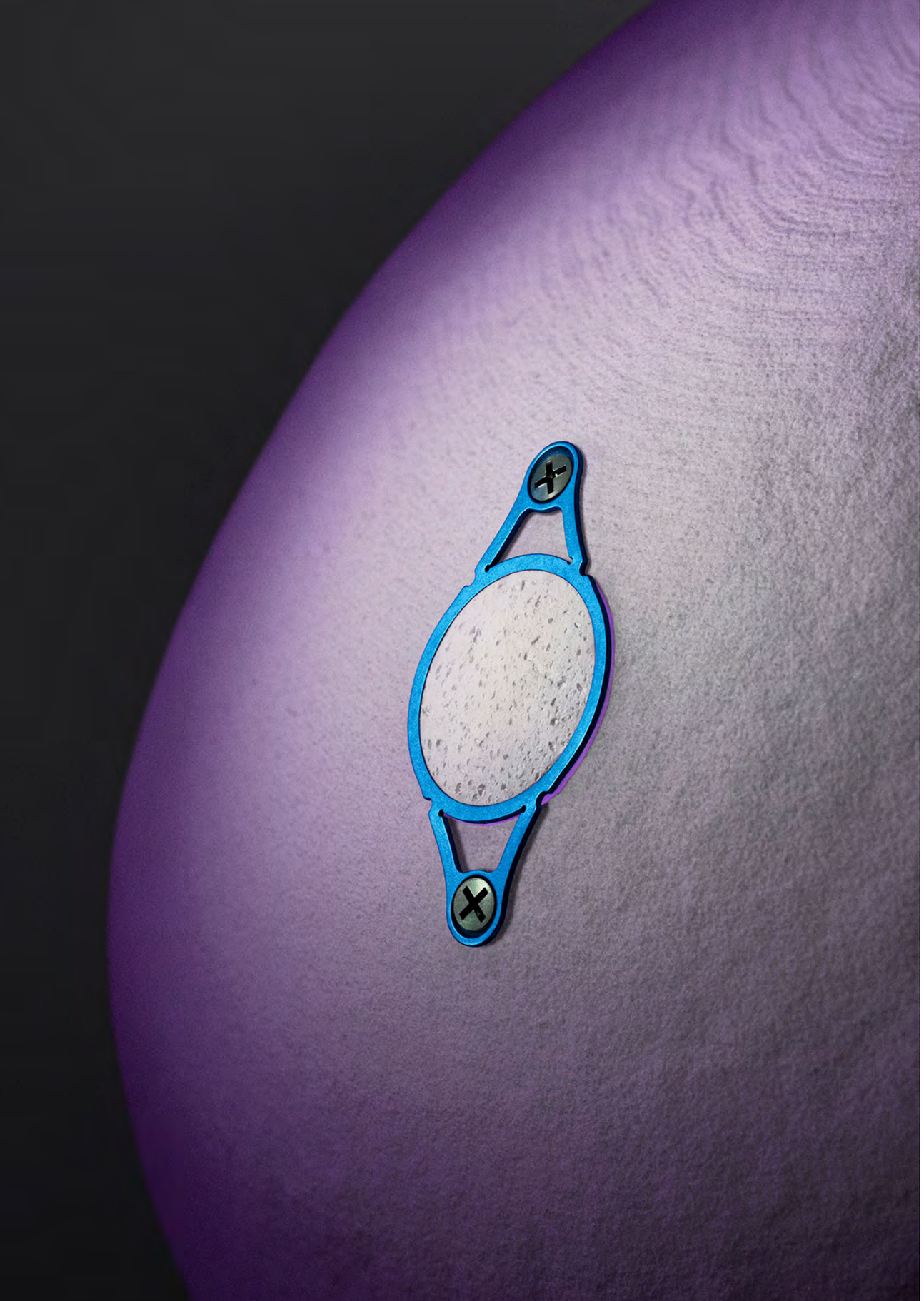
Director of Clinical Engineering since 2016.

Education and experience: Educated engineer in Computer Technology Engineering at Royal Institute of Technology. PhD from Karolinska Institutet. Ulrik Birgersson has over fifteen years' experience from the Life Science industry and has held various positions, with a particular focus on pre-clinical and clinical studies and trial applications, including administration of applications and reporting to and communication with medical agencies such as, for example, the American pharmaceutical authority, the FDA. Ulrik Birgersson was, among others, involved in the work prior to the PMA approval that SciBase received in 2017, and was then responsible for managing the pre-IDE and pre-PMA discussions with the FDA.
Other ongoing assignments: CEO of Data Vigilence Consulting AB.
Holdings: 1,600 shares and 24,466 stock options of series 2019/2022.

MALIN KYLBERG

Director of Quality Assurance & Regulatory Affairs since 2017.

Education and experience: Master's degree in natural sciences and mathematics from Uppsala University. Malin Kylberg has worked with quality assurance in the Life Sciences industry during the last 20 years and has comprehensive experience from quality work and regulatory issues in both pharmaceutical and medical technology companies, including among others senior positions with responsibilities such as being the responsible individual appointed by the Swedish Medical Products Agency.
Other ongoing assignments: -
Holding: 4,000 shares and 24,466 stock options of series 2019/2022.



Directors' Report

The Board and Chief Executive Officer of OssDsign AB (publ), corp. Reg. no 556841-7546, hereby present the Annual Report and Consolidated Financial Statements for the 2020 financial year.

OPERATIONS

OssDsign AB is a med-tech company that has developed a bioceramic material that, when implanted into a patient's body, is replaced by the patient's own bone during the healing process. Based on this bioceramic material, the company has developed patient-specific cranial and facial implants and an off-the-shelf product for burr hole filling. These products lead to an improved healing process with a low risk of complications, compared with published data for traditional technologies.

In addition, OssDsign is expanding within orthopedics into orthobiologics through the acquisition of the Scottish bonegraft company Sirakoss Ltd, a company that has developed a nanosynthetic bone graft substitute that will give the Group access to the extensive and rapidly growing orthobiologics market. Sirakoss received a 510(k) approval by FDA in 2020, enabling sales of their bone graft substitute on the American market and OssDsign is now in the process of product commercialisation.

Bioceramic implants and standard products are manufactured at the new OssDsign site in Uppsala, Sweden. The company currently has regulatory approval in the EU and US and is successfully established in Europe. In the autumn of 2017, OssDsign initiated commercialization in the US, the world's largest MedTech market. In 2020 the company completed the transfer of all commercial operations in the US to a fully owned subsidiary, OssDsign Inc. The company sees continued strong growth potential in the US and intends to carry out significant market initiatives there in the coming years. In addition, OssDsign will invest in continued growth in Europe and establishing a position in the Japanese market, where the ceramic products received market approval in 2020.

Successful market initiatives have generated significant interest in the company's products, resulting in significant sales growth in recent years, as evident in Q1 2020, which was the company's best quarter until the Covid-19 pandemic surged and restrictions hampered commercial activities. OssDsign has determined that there is good potential to establish the company's patient-specific and off-the-shelf ceramic implants, as well as for the newly acquired bone graft substitute, which is an off-the-shelf product. The company is also exploring synergies between the two technology platforms, with an initial focus on sales and distribution.

PARENT COMPANY

All development activities are conducted in the parent company. The parent company also provides administrative services to the subsidiaries. Development of the new bone graft substitute continues at Sirakoss in Scotland, with all development being managed through the central R&D department in the parent company.

The parent company is based I Uppsala, Sweden.

RESEARCH & DEVELOPMENT OPERATIONS

OssDsign currently has several projects ongoing in research and development in order to evaluate its unique technology platform for other indications. Within the framework of the Vinnova-funded project New Formulation for Osteoinductive Biomaterial, OssDsign and its partners have developed a new formulation of OssDsign's ceramic materials. The concept has been evaluated in a preclinical study which has lead to many valuable conclusions being drawn. Conclusions that have already been applicable to the Sirakoss acquisition.

An open ended, hypothesis based, clinical study is ongoing at a clinic – Plastic and Maxillary Surgery at Uppsala University Hospital – which will evaluate the safety and clinical effect of calcium phosphate granules in connection with implant surgery in the upper jaw to create new bone. The study is lead by Professor Andreas Thor and has included 20 consecutive patients with planned sinus lifts. Follow-up data after 6 months shows that the calcium phosphate material has resulted in bone formation and firm anchoring of dental implants.

Within the framework of a partnership between Uppsala University, ETH Zürich, and OssDsign, a simulation model has been developed to simplify the design of future implants. In cooperation with Surcial Science at Uppsala University there is also an ongoing research project for providing a more in-depth understanding of how the OssDsign ceramic material functions in the body.

OssDsign is participating as industrial partner in the competence centre "Additive Production for Life Science" (Additiv Tillverkning för Livsvetenskaperna) whose research and development focuses on new techniques for 3D printing as well as modelling and optimisation of various biological processes/medication.

Furthermore, OssDsign is participating as a partner company in the European research consortium NU-SPINE in order to stay updated on the development of new technologies. This also gives OssDsign the opportunity to evaluate how the company's technology platform could potentially be used in spine applications.

Important Events during the financial year

Group

COMPLETED TRANSFER OF US COMMERCIAL OPERATIONS TO OSSDSIGN USA INC

In February, OssDsign announced that its subsidiary, OssDsign USA Inc, had assumed all US commercial operations from a previous master distributor. The growing US organization will support the distributor network in driving sales growth and executing clinical and marketing projects with key opinion-leading neurosurgeons.

REGULATORY APPROVAL IN JAPAN FOR OSSDSIGN CRANIAL PSI WITH FULL NATIONWIDE REIMBURSEMENT

In March, OssDsign received regulatory approval in Japan for OssDsign Cranial PSI. This was followed by a notice in May from the Japanese healthcare regulatory body MHLW, granting the product full and nationwide reimbursement from June 2020.

APPOINTMENT OF VICE PRESIDENT OF SALES FOR OSSDSIGN USA INC

In May, OssDsign announced the appointment of Eric Patermo as Vice President of Sales for OssDsign USA Inc. With his 25 years of experience in the neurosurgical and orthopaedic segments, the addition of Eric Patermo to the OssDsign US team will further accelerate the company's growth as its US operations continue to expand.

MORTEN HENNEVELD ASSUMES THE POSITION AS OSSDSIGN'S NEW CEO

In September, Morten Henneveld assumed the position as OssDsign's CEO upon the retirement of Anders Lundqvist. Morten Henneveld brings extensive international and medical device experience, most recently as Senior Vice President, Business Transformation and Strategy, and member of the Executive Leadership Team at GN Hearing, a global leader in hearing aids.

MURANAKA MEDICAL INSTRUMENTS APPOINTED AS BUSINESS PARTNER IN JAPAN

In August, OssDsign signed a business partner agreement with Muranaka Medical Instruments Co. Ltd., a pre-eminent medical product distributor in Japan. Muranaka will represent OssDsign commercially in Japan, driving adoption and sales of OssDsign's products in this leading Asian market.

SUCCESSFUL SIX-MONTH FOLLOW-UP RESULTS FROM CLINICAL STUDY IN SINUS AUGMENTATION

In August, OssDsign announced positive interim results from the first clinical study with its technology focusing on the oral and dental implant market. The results show that implantation of the calcium phosphate material resulted in bone formation and firm anchoring of dental implants.

US PATENT ALLOWED FOR OSSDSIGN CRANIAL PSI

In September, OssDsign announced a notice of allowance by the USPTO for its US patent covering the implant design of OssDsign Cranial PSI. With corresponding patents already allowed in Europe, Japan and Australia, a strong patent protection for OssDsign Cranial PSI is now established in all key markets.

OSSDSIGN ACQUIRES SIRAKOSS AND EXPANDS INTO THE USD 5.3 BILLION ORTHOBIOLOGICS MARKET

In November, OssDsign announced an agreement to acquire the Scottish bone graft specialist, Sirakoss Ltd. The acquisition of Sirakoss broadens OssDsign's product portfolio with a next-generation 510(k)-cleared nano-synthetic bone graft substitute for treating skeletal defects.
The purchase price was set at USD 11 million, payable in three cash instalments, in addition to agreed milestone and royalty payments.

OSSDSIGN RAISES 65 MSEK THROUGH A DIRECTED SHARE ISSUE

On November 3, OssDsign carried out a heavily oversubscribed directed share issue of 4,433,292 shares at SEK 14.70 / share, raising gross proceeds of approximately 65 MSEK from Swedish and international investors. The proceeds were used to finance the first of three cash payments for the acquisition of Sirakoss Ltd.

Important Events after the financial year

NEW CLINICAL DATA FROM 1,055 CRANIOPLASTY PROCEDURES WITH OSSDSIGN CRANIAL PSI CONTINUE TO SHOW LOW COMPLICATION RATES

On January 20th, updated outcome data was announced on the use of OssDsign Cranial PSI in 1,055 cases of cranioplasty and cranial reconstructions. After a median follow-up time of 21 months, the rate of infection leading to implant removal was 2.1%, which is consistent with the low levels previously presented. All data were collected as part of a post-market surveillance of product performance in Europe, the US and selected Asian markets in compliance with MEDDEV 2.7/1 rev.4 and MDR 2017/745.

OSSDSIGN COMPLETES EXPANSION INTO NEW CORPORATE HEADQUARTERS IN UPPSALA, SWEDEN

To continue the OssDsign growth journey and prepare the business for future scale and growth, OssDsign decided in 2019, to expand and upgrade its facilities. The relocation to these new facilities, which are in close proximity to the previous Uppsala site, has been a significant undertaking during the past year. The modern and larger production facilities were approved by the regulatory authorities in December and first shipments were made at the beginning of January.

OSSDSIGN'S BOARD OF DIRECTORS RESOLVES ON A FULLY GUARANTEED RIGHTS ISSUE OF APPROXIMATELY SEK 240 MILLION IN COMBINATION WITH AN OVER-ALLOTMENT OPTION OF APPROXIMATELY SEK 30 MILLION

On March 2nd, OssDsign announced the Board of Directors' resolution on a rights issue of shares with preferential rights for existing shareholders of approximately SEK 240 million. The purpose of the rights issue is to strengthen the company's financial position and to enable planned growth initiatives in accordance with OssDsign's new strategy, ASCENT25. The rights issue is fully covered by subscription undertakings and guarantee commitments. In addition, it was proposed that the Board of Directors be authorized to resolve on an over-allotment option of up to approximately SEK 30 million, conditional upon the rights issue being oversubscribed. The rights issue and the overallotment option were approved at the Extraordinary General Meeting held on April 9th, 2021.

ANDERS SVENSSON JOINS OSSDSIGN AS CHIEF FINANCIAL OFFICER.

On March 12th, OssDsign announced that Anders Svensson, who has been the interim CFO for OssDsign since November 2020, will take on the role permanently from April 1st, 2021. Prior to joining OssDsign Anders held positions as CFO for Bluefish Pharmaceuticals and Aura Light, as well as CEO for Aura Light US operations. Going forward, OssDsign will benefit from his financial and strategic experience in a global context.

Significant risks and uncertainties

RISKS RELATED TO COVID-19

OssDsign is, as many other companies, affected by the situation concerning the spread of Covid-19. This primarily affects the possibility to acquire new customers for the company's cranial implants and the launch of CranioPlug. In addition, it can delay the planned launch of the company's recently acquired bone graft substitute in the US. Furthermore, the spread of Covid-19 has restricted the company's possibilities to visit existing customers at hospitals, which to varying degrees has also been affected by delays and temporary downsizing of operations in which the company's implants are used. This is due to the prioritisations which may be needed in order to release resources within the healthcare system.

The development of Covid-19 has led to a reduced order inflow and will continue to affect the company's sales. OssDsign is regularly monitoring the effects of Covid-19 in the short and medium-long term. With a development of the pandemic that is difficult to predict, there is a greater degree of uncertainty as regards the company's prospects.

In 2021 to date the pandemic has continued and resurged in a third wave of virus spread with continued or even increased restrictions. As the current vaccination efforts gradually result in a larger share of the population in OssDsign's main geographic markets reaching immunity to Covid-19, the company expects to see an easing of restrictions and improved commercial opportunities. The rate of vaccination varies between several of OssDsign's markets and the company therefore also expects the rate of commercial escalation to vary.

The company's sales development expectations take into account all of the above with respect to virus spread, restrictions and vaccination rate. Several financial scenarios

have been presented to the OssDsign Board of Directors and have also impacted on the phasing of planned activities with respect to both personnel and other investments.

As a result of the 2021 rights issue the company considers OssDsign's financial position to be secured for now, irrespective of the various potential Covid-19 scenarios.

OssDsign makes an assessment of high probability that risks related to Covid-19 will continue to impact the Group, wholly or in part, during 2021. In case such risks are realised the potential negative impact on the Group is high, which has also been considered in the scenarios that underpin the financial and operational plan for 2021.

TECHNICAL DEVELOPMENT AND MARKET ACCEPTANCE

Delays in planned and ongoing development projects can have a negative effect on cash flows, revenues and operating margins.

There is also a risk that developed products will not gain broad market acceptance and that competing solutions that are not known today may be introduced, which could have a negative impact on the company's operations, earnings and financial position.

DEPENDENCE ON KEY PERSONNEL

OssDsign is largely dependent on the experience and expertise of its employees. The company's future development depends largely on the ability to attract and retain competent personnel. If one or some of the key people choose to leave the company, this could result in higher costs for both product development and recruitment, at least in the short term.

FINANCING RISK

The Board regularly reviews the company's existing and forecasted cash flows to ensure that the company has the funds and resources required to conduct the business and the strategic direction decided by the Board. The company's long-term cash requirements are largely determined by how successful current products are/will be on the market. In November 2020 a directed share issue generated SEK 65 million, before deduction of transaction costs. The net proceeds of approximately SEK 61 million has predominantly been used towards financing the acquisition of Sirakoss Ltd.

The Board does not believe that the current cash position is sufficient to fund operations for at least 12 months forward, nor to realize the company's current business plan, which has prompted the Board of Directors to start preparations for a rights issue. After the balance sheet date an extraordinary general meeting has approved of the Board's proposal of a rights issue of SEK 240 million as well as an overallotment option of up to SEK 30 million. The rights issue is fully covered by subscription undertakings and guarantee commitments.

SUSTAINABILITY

OssDsign is currently in a phase of rapid growth which presents tremendous opportunities whilst also posing some challenges, especially with respect to personnel and work environment. In order to deliver quality in a period of rapid growth, OssDsign's sustainability efforts therefore revolve around personnel, primarily in terms of work environment, capacity, equality, turnover and sick leave.

To accommodate increasing production volumes, customer requirements and the Group work environment objectives, OssDsign moved into new facilities around year-end 2020. The new facilities are considerably more spacious, brighter, more comfortable and better adapted to both current and perceived future needs, which constitutes a tremendous work environment improvement.

Staff numbers are increased continuously, especially in production, and boosted by external consultants when necessary, in order to remain ahead from a capacity perspective. Continuous review of production processes and increased automation are other activities used to ensure adequate capacity.

The Group has a clear policy for equality and equal treatment and against discrimination of any kind, which has proven successful in realising the benefits of diversity. This has lead to a positive spread in the work force age range with an average number of employees of 44 in 2020 distributed over 58% men and 42% women. Staff turnover is monitored closely and is reassuringly low in the Group, except for at executive management level in 2020, which saw changes to both CEO and CFO positions.

As a pre-emptive measure, registered overtime hours and sick leave are parameters under scrutiny, where overtime hours tend to concentrate to a few individuals. Overtime hours are compensated with time off in 85% of cases, in order to minimise the risk of overload and subsequent sick leave. Similarly, sick leave also concentrates to a few individuals and despite Covid-19 leading to one (1) long term sick leave, the total number for 2020 is limited to 2.3%, which is considered positive, especially given pandemic circumstances. OssDsign's sustainability efforts are also subject to growth and development. During the year employee surveys are completed regularly in order to gauge and improve the work environment, as well as follow up on measures taken to date. This helps the company understand the efficiency of corrective actions and enables calibration and improvement going forward.

In terms of external environment focus, OssDsign has an environmental policy and quality targets which ensure process monitoring and improvements, especially in production, with the aim to minimise the Group's environmental footprint over time.

OWNERSHIP

At year-end, there were approximately 2,700 shareholders in OssDsign AB, of which the three largest accounted for approximately 34% of the capital and votes. The total number of shares amounts to 22,166,460 divided into one class of shares. The largest owners as of December 31, 2020 are SEB Venture Capital (12.4%), Karolinska Development AB (11.8%) and Fouriertransform AB (9.8%). There are currently four active incentive programs in the Group. On December 31, 2020, the programs included a maximum of 970,324 warrants and qualified employee stock options. For full information on the program, please refer to the company's website and Note 7 Share-related remuneration.

Name	Number of shares	Owned share in %
SEB Venture Capital	2 746 368	12.4%
Karolinska Development AB	2 614 096	11.8%
Fouriertransform AB	2 181 632	9.8%
Försäkringsbolaget Avanza Pension	896 387	4.0%
SEB AB, Luxembourg Branch	818 510	3.7%
Öhman Bank, S.A.	792 000	3.6%
TJ Junior AB	778 288	3.5%
Lancelot Avalon Master	655 000	3.0%
Danske Bank International, S.A.	598 631	2.7%
Société Generale Nantes	493 229	2.2%
Others	9 592 319	43.3%
	22 166 460	**100%**

THREE-YEAR-TRENDS GROUP; SEK THOUSAND (TSEK)

		2020	2019	2018
Net sales	TSEK	24 872	16 873	13 264
Operating result	TSEK	-83 934	-83 526	-50 145
Result after financial items	TSEK	-83 542	-83 752	-55 861
Balance sheet total	TSEK	246 650	153 267	71 682
Solidity	%	45%	88%	63%
Numbers of employees	No	44	36	27

THREE-YEAR-TRENDS PARENT COMPANY TSEK

		2020	2019	2018
Net sales	TSEK	24 373	17 333	13 264
Operating result	TSEK	-81 244	-82 880	-56 069
Result after financial items	TSEK	-81 616	-83 026	-61 563
Balance sheet total	TSEK	202 297	122 406	40 044
Solidity	%	43%	88%	47%
Numbers of employees	No	34	26	23

For definition of key figures, see Note 35.

Financial position and development

NET SALES

Net sales for January - December 2020 amounted to TSEK 24,872 (16,873), an increase of 50%, adjusted for currency effects. The increase in sales was largely driven by a positive sales trend in the US, with an underlying growth of +39%. European sales also showed considerable growth compared to the previous year, reaching +55% underlying growth. Germany and France were the main drivers of this performance with Germany achieving an underlying growth of 123%.

OPERATING RESULT

Operating profit for the period January - December 2020 amounted to SEK -83,934 thousand (-83,526). Investments earlier in the year in the sales and manufacturing organisations increased staff costs by SEK 7.5 million. The improved sales of SEK +8 million contributed positively to the result whereas the geographic market mix shift from the US to Europe, as well as higher operating expenses, contributed negatively. The operating result was also negatively impacted by increased amortization of intangible assets.

CASH FLOW, INVESTMENTS AND FINANCIAL POSITION

At the beginning of the period, cash and cash equivalents amounted to TSEK 113,540 and at the end of the period they were TSEK 49,403. Cash flow from financing activities amounted to TSEK 33,178 and was primarily positively impacted by the directed share issue in connection with the Sirakoss acquisition.
Total cash flow for the period was negative and amounted to TSEK -65,592 (99,396). Net investments in tangible fixed assets amounted to TSEK 2,496 (231) and mainly comprised investments linked to the ongoing expansion into new facilities in Uppsala, providing a two-fold increase of the manufacturing capacity. Investments in intangible assets for the period amounted to TSEK 0 (95).

Proposed disposition of the Parent Company's profit or loss

At the disposal of the Annual General Meeting, amounts in TSEK::

Share premium	447,786
Retained earnings from previous years	-279,770
Profit for the year	-81,641
	86,374

The Board proposes that the retained earnings be treated so that it is balanced in a new account

	86,374
	86,374

Regarding the company's results and position in general, please refer to the following financial reports and the related ones notes.

Consolidated income statement

SEK 000'	Note	2020	2019
Operating income			
Net sales	2	24 872	16 873
Other operating income / Other income	2	1 298	1 723
Change of inventory items during manufacture, finished goods and work in progress on behalf of others		607	965
Activated work for own account		–	95
		26 777	**19 655**
Raw materials and consumables/Cost of material		-9 477	-8 169
Other external expenses	3, 4	-38 471	-45 020
Personnel costs	5, 6, 7	-53 290	-44 901
Depreciation, amortisation and impairment of tangible and intangible fixed assets/non-financial assets	12, 16, 17	-6 580	-4 099
Other operating expenses/Other expenses		-2 893	-992
Total operating cost		**-110 711**	**-103 181**
Operating profit		**-83 934**	**-83 526**
Profit from financial items			
Financial cost	8, 9	-608	-226
Profit after financial items		**-84 542**	**-83 752**
Tax expense	10	-48	-493
Profit for the year		**-84 590**	**-84 245**
Earnings per share	11		
Basic earnings per share, SEK		**-4,4**	**-5,5**

Consolidated statement of comprehensive income

SEK 000'	2020	2019
Profit/loss for the period	-84 590	-84 245
Items that will be reclassified subsequently to profit or loss		
This year's translation difference of foreign operations	-52	18
Income tax relating to items that will be reclassified	–	–
Other comprehensive income for the year	-52	18
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-84 642	-84 228

Consolidated balance sheet

SEK 000'	Note	2020-12-31	2019-12-31
ASSETS			
Fixed assets			
Intangible fixed assets			
Balanced development work and similar work	12	23 149	26 431
Patent	13	27 722	–
Goodwill	14	114 916	–
Total intangible fixed assets		**165 786**	**26 431**
Tangible fixed assets			
Leasehold improvements	15	199	–
Fixed assets	16	3 284	1 968
Access rights Assets	17	14 533	1 640
Total tangible fixed assets		**18 016**	**3 608**
Other long-term receivables	20	2 365	–
Total financial fixed assets		**2 365**	**–**
Total fixed assets		**183 802**	**30 040**
Current assets			
Inventories			
Raw materials and consumables		694	935
Goods in production		202	265
Finished goods and merchandise		1 155	552
Total inventories		**2 051**	**1 752**
Receivables	18		
Current receivables	22	6 247	5 266
Current tax claim	10	313	–
Other receivables	23, 26	1 359	1 650
Prepaid expenses and other accrued income	24	1 109	1 020
Cash equivalents	25	49 403	113 540
Total receivables		**58 431**	**121 475**
Total current assets		**60 482**	**123 227**
TOTAL ASSETS		**246 650**	**153 267**

Consolidated balance sheet, cont

SEK 000'	Note	2020-12-31	2019-12-31
SHAREHOLDER EQUITY AND LIABILITIES			
Equity	26		
Share capital		1 385	1 108
Other contributed capital		355 449	294 467
Reserves		-17	35
Retained earnings including profit for the year		-244 749	-160 335
Total Equity		**112 068**	**135 275**
Longterm liabilities	8, 9, 21		
Liabilities to credit institutions	28	1 754	2 310
Lease liabilities	17	12 244	976
Deferred tax liabilities	21	5 267	–
Other liabilities	29	46 347	–
Total Longterm liabilities		**65 612**	**3 286**
Current liabilities	9		
Liabilities to credit institutions	28	873	513
Accounts payable		2 851	2 911
Lease liabilities	17	2 367	750
Current tax liabilities	10	–	356
Other liabilities	29	48 804	1 868
Accrued expenses and deferred income	30	14 073	8 308
Total current liabilities		**68 969**	**14 706**
Total liabilities		**134 582**	**17 992**
TOTAL EQUITY AND LIABILITIES		**246 650**	**153 267**

Consolidated change in shareholder's equity

SEK 000'	Note	Share capital	Subscribed Capital Unpaid	Other Capital Contribu-tions	Reserves	Profit (loss) brought forward	Total Equity
OPENING BALANCE 2019-01-01	26	348	330	122 886	17	-76 090	47 492
Profit/loss for the year		–	–	–	–	-84 245	-84 245
Other comprehensive income		–	–	–	18	–	18
Total comprehensive income		–	–	–	18	-84 245	-84 228
Transactions with shareholders							
Redeemed convertibles				1 479			1 479
New share issue		760	-330	183 416	–	–	183 846
Issue expenses		–	–	-13 315	–	–	-13 315
Total transactions with shareholders		760	-330	171 581	–	–	172 010
CLOSING BALANCE 2019-12-31	22	1 108	–	294 467	35	-160 335	135 275
OPENING BALANCE 2020-01-01		1 108	–	294 467	35	-160 335	135 275
Profit/loss for the year		–	–	–	-	-84 590	-84 590
Other comprehensive income		–	–	–	-52	–	-52
Total comprehensive income		–	–	–	-52	-84 590	-84 642
Transactions with shareholders							
Warrant programmes		–	–		–	176	176
New share issue		277	–	64 892	–	–	65 169
Issue expenses		–	–	-3 910	–	–	-3 910
Total transactions with shareholders		277	–	60 982	–	176	61 435
CLOSING BALANCE 2020-12-31	26	1 385	–	355 449	-17	-244 749	112 068

Consolidated statement of cash flows

SEK 000'	Note	2020	2019
Operating Activities			
Profit after financial items		-84 542	-83 752
Noncash adjustments	34	4 022	2 752
Income tax paid		-700	-685
Cash flow from operating activities before change in working capital		-81 220	-81 685
Change in working capital			
Change in inventory		-470	-411
Change in receivables		-457	-20
Change in liabilities		3 049	-4 476
Cash flow from operating activities		-79 098	-86 593
Investment activities			
Acquisition of intangible fixed assets		–	-95
Acquisition of tangible fixed assets	16	-2 496	-231
Acquisition of shares in subsidiaries, after deductions for cash and cash equivalents	36	-15 177	–
Cash flow from investment activities		-17 673	-326
Financing activities			
New share issue	26	65 169	199 057
Share issue costs		-3 910	-13 315
Warrants		–	1 157
New borrowing	20	-2 314	–
Repayment of borrowing	9	-25 766	-584
Cash flow from financing activities		33 178	186 315
Cash flow for the year		-63 593	99 396
Cash equivalents at the beginning of the year		113 540	14 077
Exchange rate difference in cash and cash equivalents		-545	68
CASH EQUIVALENTS AT THE END OF THE YEAR		49 403	113 540
Cash flow for the period regarding interest			
Paid interest		497	146

Income statement, parent company

SEK 000'	Note	2020	2019
Operating income			
Net sales	2	24 373	17 333
Change of inventory items during manufacture, finished goods and work in progress on behalf of others		536	117
Other operating income / Other income	2	73	1 723
Total operating income		**24 982**	**19 174**
Operating expenses			
Raw materials and operating expenses consumables/ Cost of material		-10 580	-7 327
Other external expenses	3, 4	-58 497	-62 465
Personnel costs	5, 6, 7	-35 887	-30 613
Depreciation of tangible fixed assets	12, 16, 17	-922	-657
Other operating expenses		-340	-992
Total operating cost		**-106 226**	**-102 054**
Operating profit		**-81 244**	**-82 880**
Profit from financial items			
Interest income and similar items		–	–
Interest cost and similar items	8	-372	-146
Profit after financial items		**-81 616**	**-83 026**
Tax expense	10	-26	–
PROFIT FOR THE YEAR		**-81 641**	**-83 026**

Other comprehensive income in the Parent Company is in line with the profit for the year.

Balance sheet, parent company

SEK 000'	Note	2020-12-31	2019-12-31
ASSETS			
Subscribed capital unpaid		**–**	
Fixed assets			
Tangible fixed assets			
Leasehold improvements	15	199	–
Fixtures, tools and installations	16	3 186	1 811
Total fixed assets		**3 385**	**1 811**
Financial fixed assets			
Shares in Group companies	19	137 687	0,02
Other long-term receivables	20	2 314	–
Total financial fixed assets		**140 002**	**–**
Total fixed assets		**143 387**	**0**
Current assets			
Inventories			
Raw materials and consumables		694	935
Goods in production		202	265
Finished goods and merchandise		877	279
Total inventories		**1 773**	**1 479**
Receivables			
Current receivables	22	2 333	3 729
Receivables from group companies		3 548	648
Current tax claim	10	978	–
Other receivables	23, 26	1 229	1 586
Prepaid expenses and other accrued income	24	956	1 062
Total receivables		**9 044**	**7 025**
Cash equivalents	25	**48 093**	**112 091**
Total current assets		**58 910**	**120 595**
TOTAL ASSETS		**202 297**	**122 406**

Balance sheet, parent company, cont

SEK 000'	Note	2020-12-31	2019-12-31
SHAREHOLDER EQUITY AND LIABILITIES			
Equity	38		
Restricted equity			
Share capital		1 385	1 108
		1 385	**1 108**
Non-restricted equity			
Share premium		447 786	386 804
Retained earnings		-279 770	-196 920
Profit/loss for the year		-81 641	-83 026
		86 374	**106 857**
Total equity		**87 759**	**107 966**
Provisions			
Other provisions	27	94 162	–
Total provisions		**94 162**	**–**
Long-term liabilities			
Liabilities to credit institutions	28	1 754	2 310
Total long-term liabilities		**1 754**	**2 310**
Current liabilities			
Liabilities to group companies	28	513	513
Liabilities to credit institutions		2 772	2 604
Accounts payable		2 274	445
Current tax liabilities	10	–	356
Other current liabilities		823	949
Accrued expenses and deferred income	30	12 239	7 263
Total current liabilities		**18 621**	**12 130**
Total liabilities		**20 375**	**14 440**
TOTAL EQUITY AND LIABILITIES		**202 297**	**122 406**

Change in shareholder's equity, parent company

SEK 000'	Note	Share capital	Subscribed capital unpaid	Share premium	Profit (loss) brought forward	Profit/Loss for the year	Total equity
OPENING BALANCE 2019-01-01	26	**348**	**330**	**216 703**	**-136 837**	**-61 563**	**18 982**
Reversal of previous year's result		–	–	–	-61 563	61 563	–
Redeemed convertibles		–	–	–	1 479	–	1 479
New share issue		760	-330	183 416	–	–	183 846
Issue expenses		–	–	-13 315	–	–	-13 315
Profit/loss for the year		–	–	–	–	-83 026	-83 026
CLOSING BALANCE 2019-12-31		**1 108**	**0**	**386 804**	**-196 920**	**-83 026**	**107 966**
OPENING BALANCE 2020-01-01		**1 108**	**–**	**386 804**	**-196 920**	**-83 026**	**107 966**
Reversal of previous year's result		–	–	–	-83 026	83 026	–
Warrant programmes		–	–	–	176	–	176
New share issue		277	–	64 892	–	–	65 169
Issue expenses		–	–	-3 910	–	–	-3 910
Profit/loss for the year		–	–	–	–	-81 641	-81 841
CLOSING BALANCE 2020-12-31	26	**1 385**	**–**	**447 786**	**-279 770**	**-81 641**	**87 759**

Statement of cash flows, parent company

SEK 000'	Note	2020	2019
Operating activities			
Profit after financial items		-81 616	-83 026
Noncash adjustments	34	1 098	657
Income tax paid		-1 358	-192
Cash flow from operating activities before changes in working capital		**-81 876**	**-82 562**
Changes in working capital			
Change in inventory		-294	-125
Change in receivables		-1 041	1 626
Change in liabilities		6 847	-5 847
Cash flow from operating activities		**-76 365**	**-86 907**
Investment activities			
Acquisition of shares in subsidiaries	36	-17 773	–
Shareholder contributions provided for the year	36	-25 752	–
Acquisition of tangible fixed assets	16	-2 496	-54
Rent deposit	20	-2 314	–
Cash flow from investment activities		**-48 336**	**-54**
Financing activities			
New share issue	26	65 169	199 057
Nyemissionskostnader		-3 910	-13 315
Warrants		–	1 246
Repayment of borrowing	9	-556	-584
Cash flow from financing activities		**60 703**	**186 404**
Cash flow for the year		**-63 998**	**99 443**
Cash equivalents at the beginning of the period		112 091	12 647
CASH EQUIVALENTS AT THE END OF THE PERIOD		**48 093**	**112 091**
Cash flow for the period regarding interest			
Received interest		0	0
Paid interest		-372	-146

Note 1 Accounting and valuation principles

GENERAL INFORMATION

OssDsign AB (the Parent Company) and its subsidiaries (the Group as whole) 's main business include conducting development and sales of medical technology products as well as conducting business compatible with it.

OssDsign AB, the Group's parent company, is based in Uppsala, Sweden. The head office and principal place of business is located at Rapsgatan 23A, 754 50 Uppsala, Sweden. The consolidated financial statements for the year ended December 31, 2020 (including comparative figures) were approved for issue by the Board on June 8, 2021.

The Group's report on earnings, other comprehensive income and report on financial position and the Parent Company's income statement and balance sheet will be subject to adoption at the Annual General Meeting held on June 22, 2021.

SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The most important accounting and valuation principles used in the preparation of the financial statements are summarized below. In cases where the parent company applies different principles, these are stated under the *Parent Company* below.

VALUATION BASES APPLIED WHEN PREPARING THE FINANCIAL STATEMENTS

The Group's financial reports have been prepared in accordance with the Annual Accounts Act, the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups and International Financial Reporting Standards (IFRS) as adopted by the EU. Assets and liabilities are valued at historical acquisition values.

Preparing reports in accordance with IFRS requires the use of some important estimates for accounting purposes. Furthermore, management is required to make certain assessments when applying the Group's accounting principles. The areas that comprise a high degree of assessment, which are complex or such areas where assumptions and estimates are of significant importance to the consolidated financial statements, are stated in a separate section below "Significant assessments and estimates when applying accounting principles".
New and amended standards that are currently known are not expected to affect the Group's or
the parent company's financial reports in a significant way.

FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

The consolidated financial statements are presented in the currency SEK, which is also the Parent Company's functional currency.

OVERVIEW OF ACCOUNTING PRINCIPLES

Overall considerations

The most important accounting principles used in the preparation of the consolidated financial statements are summarized below.

Consolidation and acquisitions

The consolidated financial statements include subsidiaries where the Group has direct or indirect control. The Group controls a company when it is exposed to or is entitled to a variable return from its holding in the company and could influence the return through its influence in the company. Subsidiaries are included in the consolidated financial statements from the date the controlling influence is transferred to the group. They are excluded from the consolidated financial statements from the date on which the controlling influence ceases.

All intra-group transactions and balance sheet items are eliminated on consolidation, including unrealized gains and losses on transactions between group companies. In cases where unrealized losses on intra-group sales of assets are reversed upon consolidation, the impairment needs of the underlying asset are also assessed from a group perspective. Amounts recognized in the financial statements of subsidiaries have been adjusted where necessary to ensure compliance with the Group's accounting principles.

The Group attributes the total profit for the subsidiaries to the Parent Company's owners and holdings without controlling influence based on their respective ownership interests.

The Group applies the acquisition method when accounting for business combinations. The remuneration transferred by the Group to gain controlling influence over a subsidiary is calculated as the sum of the fair values on the acquisition date of the transferred assets, the liabilities assumed and the equity shares issued by the Group, which includes the fair value of an asset or liability that has arisen from an agreement on conditional purchase price. Subsequent changes in the fair value of a contingent consideration that are classified as a financial liability are recognized in the income statement (other operating expenses item).

Acquisition-related costs are expensed when they arise in the item other operating expenses

Acquired assets and liabilities assumed are valued at fair value at the time of acquisition.

Conditional consideration is valued at fair value and included as part of the purchase price in the acquisition. Conditional consideration is accounted for as a financial liability until paid and is revalued at fair value on each balance sheet date. Revaluation effects are accounted for in the consolidated Group income statement.

The Group applies the 12-month rule when accounting for business acquisitions, which allows for the purchase price to be finally adjusted within 12 months from the acquisition date.

FOREIGN CURRENCY TRANSLATION

Transactions and balance sheet items in foreign currency

Foreign currency transactions are translated into the functional currency of the respective Group companies, based on the prevailing exchange rates on the transaction date (spot rate). Gains and losses in foreign currency as a result of the settlement of such transactions and as a result of the revaluation of monetary items at the balance sheet date are reported in the income statement.

Non-monetary items are not translated on the balance sheet date but are valued at historical acquisition value (translated at the exchange rate on the transaction date), except for non-monetary items measured at fair value, which are translated at the exchange rate on the date the fair value was determined.

Overseas Operations

In the consolidated financial statements, all assets, liabilities and transactions in group companies that have a functional currency other than SEK (the Group's reporting currency) are converted to SEK at consolidation. The functional currency of the Group companies has remained unchanged during the reporting period.

At consolidation, assets and liabilities have been converted at the closing day rate on the closing day. Revenues and expenses have been translated to SEK at an average rate during the reporting period. Exchange rate differences are booked directly against other comprehensive income and are recognized in the currency translation reserve in equity. When divesting a foreign operation, the attributable accumulated translation differences that are recognized in equity are reclassified to profit and recognized as part of the gain or loss on the divestment.

Operating Segments

An operating segment is part of the Group that conducts operations from which it can generate revenue and incur costs and for which independent financial information is available. Furthermore, the performance of an operating segment is followed up by the company's highest executive decision maker to evaluate the result and to be able to allocate resources to the operating segment. The Group has identified the parent company CEO as their highest executive decision maker and that the Group has just one operating segment. See Note 2 for further description of the classification and presentation of operating segments.

Revenue from agreements with customers

The Group's revenues derive primarily from sales of patient specific bioceramic cranial implants, but also from patient specific facial implants and standardised products for the repair of cranial boreholes.

When determining the amount of revenue to be recognised the Group adheres to the IFRS 15 five-step-model:

1. Identify the contract
2. Identify separate performance obligations
3. Determine the transaction price
4. Allocate transaction price to performance obligations
5. Recognise revenue when each performance obligation is satisfied

Step 1 identifies the contract with the customer. The Group's contracts are always written and agreed with the customer. If two or more contracts have been entered into concurrently, or in close proximity to each other, they should, under certain circumstances, be amalgamated. Concurrent or adjacent contracts with the same customer rarely occur in the Group so amalgamation of contracts is a rare occurrence. A contract change means a change of scope or price (or both) in a contract that has already been agreed by both parties. A contract change is accounted for as a separate contract when the widened scope is deemed as distinct (additional performance obligations) through eg additional goods or services or when the price at which the additional units are sold represent a standalone selling price. If the goods or services are not deemed as distinct the change is accounted for as part of the original contract.

Step 2 identifies separate performance obligations with respect to the goods and services to be delivered to the customer. The goods or services are deemed distinct, and hence separate, if the customer can use the product or service gainfully on its own and if it can be delivered separately from other obligations in the contract.

Step 3 determines the transaction price, particularly with respect to fixed or variable components. As the Group's revenue primarily derive from patient specific implants, each implant is quoted individually, albeit according to standardised pricing. The Group would generally not have any variable price components.

Step 4 allocates the transaction price to the performance obligations defined in step 2.

Step 5 recognises revenue when each performance obligation is satisfied. Revenue is recognised when control of the sold item has passed from seller to buyer, which can occur at a point in time or over time. Revenue is recognised in the Group when the goods or service creates or improves an asset that the customer controls. This way the customer can reap the benefits from the performance obligation as it is performed. The Group's product sales of implants and/or standardised products are recognised at a point in time, namely when the customer gains control over the sold asset. Indications of control can be the right for the seller to invoice and receive payment, the asset has been physically shipped to the customer, the risk has been transferred to the customer (as per the freight terms), or the customer has accepted the goods received. Work done but not invoiced is accounted for as accrued income in the balance sheet under Contract assets. Contract assets are subject to impairment testing according to IFRS 9, similarly to customer receivables. In cases where payment is received prior to the Group having performed its obligation, such payments are accounted for as Contract liabilities in the balance sheet.

Operating expenses

Operating expenses are accounted for in the income statement when the service is used or the event occurs.

Interest and dividends

Interest income and interest expenses are reported according to the effective interest method in the income statement at the time when the right to receive payment is established.

Borrowing costs

Borrowing costs are expensed in the period in which they arise and are reported in the item "Financial expenses".

Goodwill

Goodwill represents expected future financial benefits which arise in conjunction with acquisitions, but which are not individually identified and accounted for separately. Goodwill is accounted for as accumulated acquisition value, reduced by accumulated write-downs.

OTHER INTANGIBLE ASSETS

Research and Development

Expenses for the research phase with a view to obtaining new scientific or technical knowledge are expensed as incurred. Directly attributable expenditure on development, where research results or other knowledge is applied to achieve new or improved products or processes, is reported as an asset if or when below is met:

- that development expenditure can be measured reliably
- that the project is technically and commercially viable
- that the Group has the intention and sufficient resources to complete the project
- that the Group has the prerequisites to use or sell the software
- that the software will generate probable future economic benefits

Development expenses that do not meet these criteria for activation are expensed as incurred. Development expenses are valued at purchase value minus accumulated depreciation and any impairment losses.

Directly related expenses include personnel costs that arise in the work on software development along with relevant costs and borrowing costs.

Patents

Patents that meet the criteria of being reported separately in a business acquisition are accounted for as intangible assets, initially at fair value.

Accounting in subsequent periods

All intangible assets with a limited useful life, including capitalized internally developed products, are recognized in accordance with the acquisition value model, whereby capitalized expenses are amortized on a straight-line basis over the estimated useful life. The residual value and the useful life are reviewed at each balance sheet date.

The following periods of use apply:
- Development costs: 10 years
- Patents: 10 years

Internally developed products that have not yet been completed, and which have been activated, are not amortized but are subject to impairment testing annually.

Subsequent expenses for maintenance of developed products are expensed as incurred.

When intangible assets are divested, the capital gain is determined as the difference between the selling price and the asset's carrying value and is recognized in profit or loss in any of the items "Other operating income" or "Other operating expenses"

Tangible fixed assets
Tangible fixed assets are reported at purchase value minus accumulated depreciation and any impairment losses. The acquisition value includes the purchase price and expenses directly attributable to the asset in order to bring it in place and in condition to be utilized in accordance with the purpose of the acquisition.

Additional expenses are only included in the asset or are reported as a separate asset, when it is probable that future financial benefits attributable to the item will benefit the Group and that the acquisition value can be calculated reliably. All other costs for repairs and maintenance are reported as expenses in the income statement during the period in which they arise.

Gains or losses arising from the sale of tangible assets are determined as the difference between what has been received and the carrying amount of the assets and are recognized in the income statement in the item "Other operating income" or "Other operating expenses".

Tangible fixed assets are amortized on a straight-line basis over the estimated useful life. The following depreciation periods are applied:

Equipment and tools: 5 years

Leasehold improvements
In connection with the move to a new Head Office in Uppsala, some improvement work, mainly production related, was done on the new leasehold property. These improvements constitute minor amounts as well as one-off occurrences as no further improvements are envisaged. Leasehold improvements are accounted for as accumulated acquisition value, reduced by accumulated depreciation and write-downs. The Head Office rental agreement period is 9 years. Leasehold improvements are amortized on a straight-line basis over the estimated useful life, which is deemed to be the same as for other tangible assets. The following depreciation periods are applied:

Leasehold improvements: 5 years

LEASED ASSETS

Leasing
The leasing agreements include primarily premises. The standard means that identified leasing contracts are recognized in the balance sheet classified such as utility assets and leasing liabilities. Leases of lesser value are expensed as incurred. Less value involves assets of a value in new condition below about SEK 50,000. When the Group enters into an agreement, the agreement is assessed if it grants the right to control the use of identified assets for a period against remuneration. The right of use initially amounts to the same amount as the lease debt, adjusted for any leasing fees paid before start date plus any initial direct costs and an estimate of recovery costs underlying asset, minus any discounts received.

The lease asset is then amortized on a straight-line basis over the useful life, which is considered to correspond to the lease period.

The lease asset is adjusted periodically for certain revaluations of the lease debt and any write-downs. The lease debt is initially estimated at the present value of outstanding lease payments, discounted with the implicit interest rate.

The rental fee is revalued when changes in future leasing fees arise through changes in the index or a changed assessment of the contract as a result of, for example, purchases, extensions of the agreement or termination of the agreement. A corresponding adjustment is made by the right of use.

IMPAIRMENT TESTING OF INTANGIBLE ASSETS AND TANGIBLE ASSETS

The Group's reported assets are assessed at each balance sheet date to determine if there is any indication of impairment.

IAS 36 applies to write-downs of assets other than financial assets that are recognized in accordance with IFRS 9, inventories and deferred tax assets. For exempted assets as above, the carrying amount is assessed according to the respective standard.

If there is an indication of an impairment requirement for an asset, the asset's recoverable amount is calculated. For intangible assets with an indefinite useful life or not yet ready for use, the recoverable amount is calculated annually, regardless of whether there is an indication of a decrease in value or not.

When impairment testing, assets are grouped to the lowest level where it is possible to identify independent cash flows, a so-called cash-generating unit. For example, a cash-generating unit may be an asset or a legal entity.

An impairment loss is recognized for the amount by which the cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of the fair value minus costs to sell and value in use. To determine the value in use, Group management estimates expected future cash flows from each cash-generating unit and determines an appropriate discount rate to be able to calculate the present value of these cash flows.

Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the money's time value and asset-specific risk factors. Write-downs relating to cash-generating units first reduce the carrying amount of any goodwill distributed among the cash-generating unit. Any remaining impairment will proportionally decrease the other assets in the cash-generating units. With the exception of goodwill, a new assessment is made of all assets for signs that an earlier write-down is no longer justified. An impairment loss is reversed if the asset or cash-generating unit's recoverable value exceeds the carrying amount.

FINANCIAL INSTRUMENTS

Accounting and valuation at the first recognition
Financial instruments that are reported in the balance sheet mainly comprise accounts receivable, cash and cash equivalents, accounts payable and loan liabilities.

Financial assets and financial liabilities are reported when the Group becomes a contracting party in respect of the terms of the financial instrument. At initial recognition, these are measured at fair value adjusted for transaction costs, except for financial instruments that belong to the category of financial assets or financial liabilities measured at fair value through profit or loss. These are valued at fair value at the first accounting date. Subsequent valuation of financial assets and liabilities is described below.

Financial assets are removed from the statement of financial position when the contractual rights regarding the financial asset expire, or when the financial asset and all significant risks and benefits are transferred. A financial liability is removed from the statement of financial position when it is extinguished, fulfilled, cancelled or terminated.

Classification and subsequent measurement of financial assets
In the case of subsequent valuations, financial assets are valued based on which category they were initially classified. The Group has the following categories of financial assets:

· receivables valued at amortized cost

The classification is determined by both:
· the company's business model for managing financial assets and
· the characteristics of the contractual cash flows from the financial asset.

Financial assets are valued at amortized cost if they are held in a business model whose aim is to hold financial assets and collect contractual cash flows that are only payments of capital amounts and interest.

The Group's cash and cash equivalents and accounts receivable belong to this category of financial instruments

Impairment of financial assets
IFRS 9's write-down rules use forward-looking information to report expected credit losses - the 'expected credit loss model'. The financial assets covered by the model for expected credit losses are bonds and debt securities valued at amortized cost or fair value through other comprehensive income, accounts receivable, contract assets recognized and valued in accordance with IFRS 15, loan commitments and certain financial guarantee agreements (for the issuer) that are not valued at fair value through profit or loss.

Currently the Group's financial assets are accounts receivable, the treatment of which is outlined in the following section, and rent deposit. The latter consists only of rent deposit for the Group's new Head Office in Uppsala and is not considered to constitute any credit loss risk.

Accounts receivable and other receivables
The Group uses a simplified method of accounting for accounts receivable and other receivables, as well as contract assets and reports expected loan losses for the remaining maturity. This is where the expected deficiencies in contractual cash flows are, given the risk of non-payment at some point in the life of the financial instrument. In the calculation, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a reservation matrix.

The Group applies the simplified method in IFRS 9 for accounting for the expected loan losses over the remaining maturity of all accounts receivable, as these items have no significant financing component. In assessing the expected credit losses, accounts receivable has been assessed collectively because they have common credit risk characteristics.

Classification and valuation of financial liabilities
The Groups financial liabilities include loans, accounts payable and other liabilities. Financial liabilities are valued at the accrued acquisition value at the initial recognition date using the effective interest method.

All interest-related fees are recognized in the income statement as items "Financial expenses" or "Financial income".

Inventory
Inventories are valued at the lower of cost and net realizable value. Cost includes all costs that are directly attributable to the manufacturing process and an appropriate proportion of associated manufacturing costs, based on normal capacity. Costs for commonly replaceable items are allocated according to the first in, first out principle. The net realizable value is the estimated sales price in the ongoing operations less any applicable selling costs.

Taxes
The tax expense recognized in the income statement consists of the sum of the deferred tax and current tax that is not recognized in other comprehensive income or directly in equity.

Current taxes are valued based on the tax rates and tax rules that apply on the balance sheet date. Deferred taxes are valued based on the tax rates and tax rules that were decided before the balance sheet date.

Deferred tax assets are reported to the extent that it is probable that the underlying tax loss or deductible temporary differences will be utilized against future taxable profits.

Cash and cash equivalents
Cash and cash equivalents consist of cash and available balances with banks and similar institutions, together with other short-term, liquid investments that fall due within 90 days of the date of acquisition and which can easily be converted into known amounts of cash and which are exposed to only a negligible risk of value changes.

Equity and reserves
Share capital represents the quota value for issued shares. The premium price includes any premium received on the issue of new share capital. Any transaction costs associated with the new share issue are deducted from the share price, considering any income tax effects.

Other equity items include the following:
* Translation reserve; contains translation differences from translation of financial reports for the Group's foreign operations to SEK

Balanced profits include all balanced profits.
All transactions with the Parent Company's owners are reported separately in equity.

REMUNERATION AFTER TERMINATION OF EMPLOYMENT AND SHORT-TERM EMPLOYEE BENEFITS

Remuneration after termination of employment
The Group provides post-employment benefits through various defined contribution pension plans. Fees for defined contribution pension plans are expensed as incurred. In defined contribution plans, the company pays fixed fees to another company and has no legal or informal obligation to pay anything further, even if the other company cannot fulfil its commitment.

Short-term employee benefits
Short-term employee benefits, including holiday pay, are current liabilities, valued at the undiscounted amount that the Group is expected to pay as a result of the unused entitlement.

Share-related remuneration to employees
An option/warrant program enables employees to acquire shares in the company. The purpose of the incentive programs is, among other things, to award long-term commitment to the company's employees and to ensure that the company's long-term value growth is reflected in the program participants' remuneration. The Group has several options programs that run in parallel. Those who participate in warrants have paid a market premium that is recognized directly in equity. Those who are part of the employee stock option program have been granted options with no premium paid. Issuance of qualified employee stock options was made at the same time as warrants, which is why valuation of these has taken place at the same price. The fair value of allotted options without premium paid is recognized as personnel cost. The fair value is calculated in accordance with Black & Scholes.

Employee stock options, which have been granted with no premium paid, are capital based and as such the costs for such options are booked over the income statement and against retained earnings in equity. If the options are subject to vesting, or other conditional terms, the cost for such options are recognised on a straight-line basis over the vesting period, based on best estimate of the total number of options that will eventually be vested. The Group's current employee stock option program is vested over 36 months and costed quarterly as personnel cost against retained earnings in equity.

In case employment ceases during the vesting period all stock options connected with that employment are cancelled. Accumulated costs to date are then reversed over personnel expenses in the income statement and against retained earnings in equity.

State aid
State aid is reported at fair value when there is reasonable assurance that the aid will be received and that the company will fulfil all related conditions.

State aid relating to expected costs is reported as prepaid income. The support is recognized as income during the period so that the costs incurred by the state aid are intended to compensate.

State aid for the acquisition of intangible or tangible fixed assets reduces the asset carrying amount.

Cash Flow Analysis
The cash flow statement has been prepared according to indirect method. The reported cash flow only covers transactions that involve payments.i

Earnings per share
The calculation of earnings per share is based on the period's earnings in the Group attributable to the Parent Company's shareholders and on the weighted average number of ordinary shares outstanding during the year. When calculating earnings per share after dilution, earnings and the average number of shares are adjusted to consider the effects of dilutive potential ordinary shares. To the extent that dilution would result in earnings per share after dilution being higher than earnings per share before dilution, or the loss per share being lower than the loss per share before dilution, earnings are not adjusted for this.

Provisions and contingent assets and liabilities
Provisions for product warranties, legal disputes, loss contracts or other claims are accounted for when the Group has a legal or informal obligation that arises from an earlier event, when future payment is probable and such payments can be reasonably reliably estimated. Exact timing or amount can still be uncertain. Provisions are estimated as the amount that will reasonably be required to settle the relevant obligation, based on the most reliable information available on the balance sheet date, including risks and uncertainties connected to the relevant obligation. In case several similar obligations exist, the probability of payment is estimated based on the total obligations. Where time value of such payments is deemed material, provisions are discounted and accounted for at fair value.

Potential compensation that the Group is reasonably certain to receive from an external party with respect to the obligation is accounted for as a separate asset. The value of this asset can not exceed the amount of the related provision. No liability is recognised if payment in respect of an obligation is deemed improbable. Such obligations are accounted for as contingent liabilities, unless the probability of payment is deemed remote.

Significant assessments and estimates when applying accounting principles
Estimates and assessments are evaluated on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are considered reasonable under prevailing conditions.

Below, the most important assumptions about the future and other important sources of uncertainty in estimates on the balance sheet date are presented, which entail a significant risk of material adjustments in the carrying amounts of assets and liabilities in the coming financial year.

Uncertainty in estimates
Below is information about estimates and assumptions that have the most significant impact on the accounting and valuation of assets, liabilities, revenues and expenses. The outcome from these can differ significantly.

Impairment of intangible fixed assets
In order to assess the need for impairment, the Group management calculates the recoverable amount of the intangible fixed assets based on expected future cash flows and using an appropriate interest rate to discount the cash flow. Uncertainties lie in assumptions about future operating income and the determination of an appropriate discount rate.

The book value of capitalized development costs at the end of the financial year 2020-12-31 was SEK 23,148,599 (2019-12-31 at SEK 26,431,289).

Changes in the assumptions made by the company management during the impairment test could have a material impact on the company's results and financial position.

The Parent Company's accounting and valuation principles
The Parent Company's annual report has been prepared in accordance with the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities. RFR 2 means that in the annual report for the legal entity, the parent company must apply all IFRS approved statements and statements as far as possible within the framework of the Annual Accounts Act and considering the relationship between accounting and taxation. The recommendation specifies the exceptions and supplements to be made from IFRS.

The parent company's annual report is presented in the company's accounting currency, which is SEK.

The Parent Company's accounting and valuation principles are in accordance with the Group except as set out below.

Formats
The income statement and balance sheet follow the format of the Annual Accounts Act. The report on income and other comprehensive income, the report on changes in equity and the cash flow analysis are based on IAS 1 Presentation of financial reports and IAS 7 Report on cash flows. The differences against the Group's reports that are reflected in the Parent Company's income statements and balance sheets are mainly accounted for by financial income and expenses and equity.

Acquisition analysis
The parent company values financial instruments according to the acquisition value principle. Accordingly, conditional consideration is valued at the amount confirmed in the acquisition analysis without any fair value revaluation. Conditional consideration is accounted for as part of the acquisition value if their realisation is deemed probable. The acquisition value is adjusted if the initial assessment of the conditional consideration is revised.

Shares in subsidiaries
Shares in subsidiaries are recognized at cost less any write-downs. The acquisition value includes acquisition-related costs and any additional purchase price. When there is an indication that participations in subsidiaries have decreased in value, the recoverable amount is calculated. If this is lower than the carrying amount, a write-down is made. Write-downs are reported in the item "Profit from participations in group companies".

Group contribution
All group contributions submitted and received are reported as year-end allocations.

Leasing
The Parent Company reports all leasing agreements as operational. Operational leases are recognized as an expense on a straight-line basis over the lease term.

Intangible assets
Internally generated development costs are reported as expenses in the income statement. This means that all expenses related to the preparation of internally prepared intangible fixed assets are expensed as incurred.

Financial instruments
IFRS 9 is not applied in the Parent Company and financial instruments are measured at cost. In subsequent periods, financial assets that are acquired with the intention of being held in the short term will be reported in accordance with the lower value principle at the lower of cost and market value.

At each balance sheet date, the parent company assesses whether there is any indication of a need for impairment in any of the financial fixed assets. Write-downs occur if the impairment is deemed to be permanent. Impairment losses on interest-bearing financial assets recognized at amortized cost are calculated as the difference between the asset's carrying amount and the present value of the management's best estimate of future cash flows discounted with the asset's original effective interest rate. The write-down amount for other financial fixed assets is determined as the difference between the carrying amount and the higher of fair value fewer selling costs and the present value of future cash flows (which is based on the management's best estimate).

NOTES TO THE INCOME STATEMENT

Note 2 Operating segment

The Group's operations are divided into operating segments based on the parts of the operations the company's highest executive decision-makers follow up on, so-called "management approach" or business management perspective. The Group's internal reporting is built on the basis that the Group management monitors the business in its entirety. Based on this internal reporting, the Group has identified that the Group has only one segment.

Revenue from external customers was attributed to individual countries after the country from which the sale was made.

The Group's fixed assets are located in Sweden, US and Scotland.

During 2020 Ossdsign did not have revenue from an individual customer amounting to> 10%. In 2019, the company had revenue from an individual customer that amounted to> 10%, revenue from this customer amounted to a total of TSEK 4 703.

Other operating income as of 2020-12-31 consists of exchange rate gains of TSEK 1 225 (818), government contributions of TSEK 73 (905) and other income totalling TSEK 0 (0).

	Group		Parent company	
Net sales per geographical market, (SEK 000')	2020	2019	2020	2019
US	9 252	6 832	8 753	7 292
Germany	7 204	3 263	7 204	3 263
Sweden	2 518	2 433	2 518	2 433
UK	2 138	2 550	2 138	2 550
Rest of Europe	3 296	1 603	3 296	1 603
Rest of world	464	192	464	192
Total	**24 872**	**16 873**	**24 373**	**17 333**

Note 3 Remuneration to the auditor

Audit assignment means review of the annual report and accounts and the administration of the Board and the Managing Director, other duties that it is incumbent upon the company's auditor to perform, and advice or other assistance caused by observations in such an audit or the performance of such duties.

	Group		Parent company	
Expensed and other compensation amounts to	2020	2019	2020	2019
KPMG				
Audit assignment	497	420	497	420
Auditing activities in addition to audit assignments	4	347	4	347
Other services	–	64	–	64
Harmer Slater Ltd Audit assignment	20	9	–	–
Sum	**521**	**840**	**501**	**831**

Note 4 Operating lease and lease agreements

	2020	2019
Expected leasing fees for the year:	**2 622**	**1 709**
Non-cancellable leasing fees:	-	-
Within a year	2 179	2 289
Later than one year, within five years	8 875	12 081
Later than one year	3 405	6 040
Total future agreed lease fees	**14 459**	**20 410**

The operating leases in the parent company mainly concern premises.
The Group reports leasing agreements in accordance with IFRS 16, see Note 17.

Note 5 Salaries and remuneration to employees

Costs recognized for employee benefits are broken down as follows:

	Group		Parent company	
	2020	**2019**	**2020**	**2019**
Salaries – Board of Directors and CEO	3 727	3 356	3 727	3 356
Salaries – other employees	34 627	27 239	20 898	16 323
Pensions, defined contribution board and CEO	632	452	632	452
Pensions, defined contribution – other employees	2 507	1 628	1 860	1 555
Other social security contributions	9 532	10 708	7 048	7 646
Sum	**51 026**	**43 383**	**34 165**	**29 332**

Salaries and other remuneration 2019	Basic salary / Board fees	Other benefits*	Total
Simon Cartmell	225	0	225
Anders Lundqvist, CEO	2 202	93	2 296
Morten Henneveld, CEO	1 000	21	1 021
Anders Qvarnström	150		150
Newton Aguiar	150		150
Other senior executives (1)	1 013	4	1 017
Sum	**4 741**	**118**	**4 859**

Salaries and other remuneration 2018	Basic salary / Board fees	Other benefits*	Total
Simon Cartmell	348	0	348
Anders Lundqvist, CEO	2 803	82	2 885
Anders Qvarnström	103	0	103
Newton Aguiar	103	0	103
Other senior executives (1)	1 064	0	1 064
Sum	**4 420**	**82**	**4 502**

* Other benefits are car benefits and health-insurance benefits.

In the event of termination, a mutual notice period of six months applies for the CEO and for other senior executives, three months' notice applies. The CEO has a severance pay of 3 months' salary.

Share-related remuneration is stated in Note 7

Note 6 Employees

	Group			
	2020 Average number of employees	of which women %	**2019** Average number of employees	of which women %
Average number of employees	44	42	34	38
Average number of employees by country is as follows:				
Sweden	31		26	
UK	3		2	
US	7		6	
Germany	3		0	
Sum	**44**		**34**	

The average number of employees in the parent company corresponds to the figure for Sweden.

The gender distribution of the Board currently consists of 100% men.

Note 7 Share-related remuneration

As of December 31, 2020, the company has issued a total of 713,430 warrants and 256,894 qualified stock options within the framework of four different incentive programs for employees, consultants and board members. During the year, 30,583 warrants related to program 2019/2022 expired (as employment ceased). The incentive programs are described in more detail below.

- **Incentive program 2016/2021** was approved by the Board of Directors on November 10, 2016, supported by the authorization of the AGM, and comprised a total of 13,483 warrants, of which 3,906 are outstanding as of December 31, 2020. Each warrant warrants 16 new shares in the company, each at a subscription price at SEK 53,125 per share.

- **The incentive program 2019/2022** was approved by the AGM on April 24, 2020 and comprises a total of 256,894 qualified employee stock options issued to the CFO and certain key persons in the company. As of 31 December 2020, all 256,894 remain outstanding. Prior participation in the program requires that previous warrants be transferred to the company. Each employee stock option in the employee stock option program entitles the holder to acquire a new share in the company at a strike price of SEK 31.88 per share during the period 1 July 2022 to 31 December 2022. The allocated stock options are earned for 36 months and can only be exercised for acquisition of new shares if the participant is still employed and other conditions for qualified employee stock options according to the Income Act are fulfilled.

- **Incentive program 2019/2022:1** was approved by the AGM on April 24, 2020 and comprises a total of 434,277 warrants issued to the CEO and certain employees and consultants. As of 31 December 2020, 403,694 remain outstanding. Prior participation in the program requires that previous warrants be transferred to the company. Each subscription option entitles the holder to acquire a new share in the company at a strike price of SEK 31.88 per share during the period 1 July 2022 up to and including 31 December 2022.

- **Incentive program 2019/2022:2** was approved by the Annual General Meeting on April 24, 2020 and comprises a total of 305,830 warrants issued to Board members. Prior participation in the program requires that previous warrants be transferred to the company. Each subscription warrants entitles the holder to acquire a new share in the company at a strike price of SEK 31.88 per share during the period 1/7 2022 up to and including 31 December 2022.

Warrant agreement

Holders of warrants have paid a market premium for the options, which have been valued using the Black-Scholes model.

Holders of warrants 2016/2021 have entered warrants with the company under which the company has the right to repurchase warrants if the holder's employment or assignment in the company should expire before October 31, 2020. The company's right to repurchase warrants gradually decreases for each year. Warrants 2019/2022:1 are also covered by warrants with customary terms. The warrants also contain customary "good leaver" and "bad leaver" provisions. The holder of warrants 2019/2022:2 and the holder of warrants 2019/2022 are not bound by any warrants.

If all warrants are exercised to subscribe for shares in the company, the company's share capital will increase by SEK 64,307 through issue of 1,028,914 new shares in the company, each with a quotient value of SEK 0.0625. That would mean a dilution equivalent to 4.4 percent of the share capital and the number of shares and votes in the company. See table below for details on option price and exercise price per program.

Volatility has been determined based on comparison companies and the company's debt ratio. The volatility estimate is 25% (KPMG April 2020) included in Black-Schole's calculation for the latest option price is SEK 1.91.

Incentive program	Issued number of options	Option price	Redemption price
Warrants Program Series 2014/2019 Maturity May 16, 2014 – May 16, 2019	3 321	39,64	51,63
Warrants Program Series 2015/2020 Maturity August 17, 2015 – August 17, 2020	3 425	35,48	51,63
Warrants Program Series 2016/2021 Maturity November 10, 2016 – November 10, 2021	13 483	33,61	53,13
Staff Option Program 2019/2022 Maturity April 24, 2019 – December 31, 2022	256 894	1,91	31,88
2019/2022 Series Stock Option Program: 1 Maturity April 24, 2019 – December 31, 2022	434 277	1,91	31,88
2019/2022 Series Stock Option Program: 2 Maturity April 24, 2019 – December 31, 2022	305 830	1,91	31,88

Program	2014/2020	2015/2020	2016/2021	2019/2022	2019/2022:1	2019/2022:2
Outstanding 31 December 2018	3 321	3 425	13 483	0	0	0
Outstanding 31 December 2019	0	0	3 906	256 894	434 277	305 830
Outstanding 31 December 2020	**0**	**0**	**3 906**	**256 894**	**403 694**	**305 830**

Note 8 Financial expenses / Interest expenses and similar income items

	Group		Parent company	
	2020	2019	2020	2019
Interest costs, borrowing at amortized cost				
Bank loan	-386	-146	-372	-146
Leasing	-222	-80	–	–
Sum	**-608**	**-226**	**-372**	**-146**
Total interest costs, financial liabilities not reported at fair value through profit or loss	**-608**	**-226**	**-372**	**-146**

Note 9 Liabilities attributable to financing activities

The change in liabilities attributable to financing operations can be classified as below

	Long-term liabilities	Short-term liabilities	Lease liabilities	Total
2020-01-01	2 310	513	1 726	4 549
Cash flow effect:				
Repayment	-556	-113	–	-670
Borrowings		474	12 886	13 360
Not affecting cash flow::				
Conditional additional purchase price	46 347	47 815	–	94 162
Total	**48 101**	**48 689**	**14 612**	**111 401**
2019-01-01	2 894	627	2 594	6 115
Cash flow effect:				
Repayment	-584	-113	-868	-1 566
Reclassification	–	–		–
Total	**2 310**	**513**	**1 726**	**4 549**

Note 10 Taxes

The most important components of the tax expense for the financial year and the ratio of expected tax expense based on the Swedish effective tax rate of 21.4% (2019: 21.4%) to the reported tax expense in the result are as follows:

	Group		Parent company	
	2020	2019	2020	2019
Result after financial items	-84 542	-83 752	-81 616	-83 026
Tax according to current tax rate in Sweden, 21.4% (21.4%)	18 092	17 923	17 466	17 768
Effect of changed tax rate	–	–	–	–
Adjustment of previous years' tax	-26	–	-26	–
Non-deductible costs	-4	-33	-4	-33
Activation of tax on loss carryforwards	-622	-410		
Change of temporary differences	622	410		
Deferred tax assets during the year that are not recognized as assets	-18 110	-18 383	-17 462	-17 734
Reported tax in the income statement	**-48**	**-493**	**-26**	**0**
The tax cost consists of the following components:				
Current Tax	-22	-493	–	–
Adjustment of previous years' tax	-26	–	-26	–
Reported tax in the income statement	**-48**	**-493**	**-26**	**0**

As of January 1, 2019, the tax rate in Sweden is 21.4% for companies with fiscal years beginning January 1, 2019 or later. The tax rate will be reduced to 20.6% for fiscal years beginning January 1, 2021 or later.

Note 11 Earnings per share

EARNINGS PER SHARE

Both earnings per share before and after dilution have been calculated by using the result attributable to the shareholders in the parent company as a numerator, i.e. no adjustments to the result had to be made in 2020 or 2019.
Reconciliation of the weighted average number of shares used to calculate earnings per share after dilution can be matched against the weighted average number of common shares used in the calculation of earnings per share before.

Results attributable to ordinary shareholders	**2020**	**2019**
Profit for the year attributable to the Parent Company's owners according to the income statement	-84 590	-84 245
No dilution effect during 2019 and 2020		

During the fourth quarter, the company carried out a private placement of 4,433,292 shares.
The total number of shares thereafter amounted to 22,166,460.

Number of shares	**2020**	**2019**
Weighted average number of shares used in the calculation of earnings per share before	19 040 882	15 444 804
Weighted average number of shares used in the calculation of earnings per share after dilution	**19 040 882**	**15 444 804**
Earnings per share, before and after dilution	**-4,4**	**-5,5**

Dilution of earnings per share can be done if warrants are exercised to subscribe for shares in the company, see also note 7.

Note 12 Balanced development work and similar work

Changes in reported values for development work and similar work are:

	Group	
	2020-12-31	2019-12-31
Opening balance accumulated acquisition values	31 974	31 879
Internally developed	–	95
Closing balance accumulated acquisition values	31 974	31 974
Opening balance accumulated depreciation	-5 543	-3 365
This year's depreciations	-3 283	-2 178
Closing balance accumulated depreciation	-8 825	-5 543
Reported value	23 149	26 431

The Parent Company has expensed development costs.
The company has received government grants totalling TSEK 7,187 linked to the balance sheet.
All depreciation and write-downs are included in the item "Depreciation and write-downs of intangible and tangible fixed assets".

Note 13 Patents

Changes in reported values for patents

	Group	
	2020-12-31	2019-12-31
Opening balance accumulated acquisition values	–	–
Acquisitions	27 722	–
Closing balance accumulated acquisition values	27 722	0
Reported values	**27 722**	**0**

Note 14 Goodwill

Changes in reported values for goodwill

	Group	
	2020	2019
Opening balance accumulated acquisition values	–	–
Acquisition of subsidiaries	114 916	–
Closing balance accumulated acquisition values	114 916	0
Reported value	**114 916**	**0**

IMPAIRMENT TEST

The Group's goodwill of SEK 114,915,827 arose through the acquisition of subsidiaries in November 2020. Goodwill is tested for impairment at the lowest levels where there are separately identifiable cash flows (cash-generating units). Only one such cash-generating unit has been identified in the Group.

	2020-12-31	2019-12-31
Group	114 916	–
	114 916	**0**

The recoverable amounts for each segment were determined based on value in use calculations, which included a detailed five-year forecast, followed by an extrapolation of expected cash flows for the units' remaining periods of use, using a declining growth rate determined by Group management. The recoverable amount for each operating segment is shown below:

	2020-12-31	2019-12-31
Group	114 916	–
	114 916	**0**

The present value of expected cash flows for each segment is determined using the appropriate discount factor that reflects the time value of money and the risks that are specific to the segment.

	Growth		Discount factor	
	2020	2019	2020	2019
Group	0%		14%	
	0%		14%	

The impairment test consists of assessing whether the unit's recoverable amount is higher than the carrying amount. The recoverable amount has been calculated on the basis of the unit's value in use, which is the present value of the unit's expected future cash flows, taking into account any future business expansion. Since the acquisition was made in such close connection with the balance sheet date, no further impairment test has been performed in addition to the valuation at the time of acquisition.

Significant assumptions used for calculations of value in use are shown below:

- Annual growth volume in the first year has been estimated to be 0% thereafter rising sharply but at a declining rate, in accordance with the Group's business plan. These calculations are based on estimated future cash flows before tax based on the financial business plan approved by management and the board and which covers a five-year period. Since the acquisition that generated the goodwill value is a research company without a commercialized product, the five-year period covered in the business plan will mean a sharp increase and high growth figures from a low starting point. It is only towards the end of the five-year business plan period that operations are stabilized, which is also the reason why a longer period is used in the trial. The patents that have been acquired and which will form the basis for business development also run over 10 years.
- The weighted average growth rate for extrapolating cash flows beyond the five-year business plan period has been estimated at 9% until year 10. After year 10, the growth rate has been estimated at 2%. This long-term growth rate is well within the framework of the forecasts contained in industry reports.
- The discount rate before tax used in the present value calculation of estimated future cash flows is 14.2%, which corresponds to the Group's average capital raising cost (WACC).

No reasonably possible change in important assumptions would mean that the carrying amount of the above CGU would exceed the recoverable amount.

CASH FLOW ASSUMPTIONS

Group

The Group Management's important assumptions about the Group unit include stable profit margins, based on previous experience of this mature market. Group management believes that this is the best available input data for forecasts of this mature market. The cash flow calculations reflect the stable profit level achieved in the market just before the business plan period. No expected efficiency measures have been included in the calculations and prices and wages reflect general inflation expectations in this sector.

Impairment testing as described above, taking into account the latest developments, led to no impairment requirements.

Note 15 Leasehold improvements

Changes in carrying amounts regarding expenses incurred on leased property:

	Group		Parent company	
	2020-12-31	2019-12-31	2020-12-31	2019-12-31
Opening balance accumulated acquisition values	–	–	–	–
Acquisitions	211	–	211	–
Closing balance accumulated acquisition values	211	0	211	0
Opening balance accumulated depreciation	–	–	–	–
Depriciations	-12	–	-12	–
Closing balance accumulated depreciation	-12	0	-12	0
Reported value	199	0	199	0

Note 16 Equipment and tools

Changes in reported values regarding equipment and tools:

	Group		Parent company	
	2020	2019	2020	2019
Opening balance accumulated acquisition values	3 581	3 353	3 406	3 353
Investment of the year	2 285	229	2 285	54
Acquisition of subsidiaries	618	–	–	–
Exchange rate differences	-21	–		
Closing balance accumulated acquisition value	6 463	3 581	5 692	3 406
Opening balance accumulated depreciation	-1 614	-939	-1 595	-939
This year's depreciations	-975	-675	-910	-657
Acquisition of subsidiaries	-593	–	–	–
Exchange rate differences	2	–	–	–
Closing balance accumulated depreciation	-3 180	-1 614	-2 505	-1 595
Reported value	3 284	1 968	3 186	1 811

Note 17 Leasing agreement

The Group mainly has rights of use regarding premises in Sweden, US and Scotland.

	Group	
	2020	2019
Opening balance accumulated acquisition values	8 416	7 785
Investment of the year	15 748	630
Disposals	-8 416	
Closing balance accumulated depreciation	15 748	8 416
Opening balance accumulated depreciation	-6 775	-5 529
Disposals	7 864	
This year's depreciations	-2 304	-1 246
Closing balance accumulated depreciation	-1 215	-6 775
Closing balance accumulated depreciation	**14 533**	**1 640**

The parent company has signed a contract for new premises with access in spring 2020.
The Group also leases IT equipment with leasing periods of one to three years. These leases are short-term leases and leases of low value. The Group has chosen not to account for rights of use and leasing liabilities for these leases.

Amounts recognized in profit or loss		
Cost of contracts of lesser value	2 304	1 246
Interest, see also Note 8	222	80
Maturity analysis regarding lease debt	1 028	660
Maturity analysis regarding lease debt:		
Later than one year but within five years	8 839	976
Later than five years	3 405	–

Total cash flow regarding leasing for the financial year ended 31 December 2020 amounted to TSEK 2,417 (2019: TSEK 1,405)
For further information regarding maturity analysis, see Note 37.

Note 18 Financial assets and liabilities

CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

Accounting principles include a description of each category of financial assets and liabilities and the associated accounting principles. The reported values for financial assets and liabilities in the Group are as follows:

Group

2020-12-31	Financial assets valued at amortized cost	Financial assets at fair value through profit or loss	Total
Accounts receivable	2 365	0	2 365
Prepayed costs and accrued income	6 247	0	6 247
Other receivables	1 359	0	1 359
Cash and cash equivalents	49 403	0	49 403
	59 374	**0**	**59 374**

2020-12-31	Liabilities valued at amortized cost	Liabilities at fair value through profit or loss	Total
Financial liabilities			
Long-term borrowing	1 754	0	1 754
Short-term borrowing	873	0	873
Accounts payable and other liabilities	18 452	94 162	112 614
	21 079	**94 162**	**115 241**

2019-12-31	Financial assets valued at amortized cost	Financial assets at fair value through profit or loss	Total
Accounts receivable	5 266	0	5 266
Other receivables	1 650		1 650
Cash and cash equivalents	113 540	0	113 540
	120 456	**0**	**120 456**

2019-12-31	Liabilities valued at amortized cost	Liabilities at fair value through profit or loss	Total
Financial liabilities			
Long-term borrowing	3 286	0	3 286
Short-term borrowing	513	0	513
Accounts payable and other liabilities	5 529	0	5 529
	9 328	**0**	**9 328**

As of the balance sheet date, 2020-12-31, the Group has a bank loan from ALMI totalling SEK 2.3 million, which runs at a variable interest rate of 4.30% and a maturity from 2015-03-05 – 2025-03-05. Carrying amount of accounts receivable, other receivables, cash and cash equivalents, accounts payable and other liabilities represents a reasonable approximation of fair value. All borrowing except the loans in USD is in SEK.

* Other liabilities valued at fair value through profit or loss consist of additional purchase consideration in the form of deferred and contingent purchase consideration.

Note 19 Shares in Group companies

THE GROUP'S COMPOSITION

The Group includes direct holdings of subsidiaries as follows:

Name/Residence	Corporate ID	Number of shares	Shares % 2020	Shares % 2019
OssDsign Ltd	10690872	1	100%	100%
OssDsign USA Inc	6558835	1 000	100%	100%
Sirakoss Ltd*	SC386423	1	100%	0%

	Parent company	
Change during the year:	**2020-12-31**	**2019-12-31**
Opening balance accumulated acquisition values	0,02	0,02
Acquisition	111 935	
Provided shareholder contributions	25 752	–
Closing balance accumulated acquisition values	**137 687**	**0**
Reported value	**137 687**	**0**
whereof:		
OssDsign Ltd	0,011	0,011
OssDsign USA Inc	0,008	0,008
Sirakoss Ltd	137 687	
Closing balance accumulated acquisition values	**137 687**	**0,02**

* Sirakoss Limited is exempt from UK audit requirements by virtue of s479A of the UK Companies Act 2006

Note 20 Other long-term receivables

The Group's long-term receivables primarily relate to rent deposits in favor of the landlord regarding premises in Fyrislund where the parent company conducts its operations.

	Group		Parent company	
	2020	**2019**	**2020**	**2019**
Opening balance accumulated acquisition values	–	–	–	–
Investments	2 365	–	2 314	–
Closing balance accumulated acquisition values	2 365	0	2 314	0
Reported value	2 365	0	2 314	0

Note 21 Deferred tax assets and tax liabilities

Deferred taxes arising from temporary differences are summarized as follows:

Change during the year of deferred taxes for the Group:	2020 Deferred tax liability	2020 Deferred tax assets	2020 Net
Intangible assets	9 871		-9 871
Tangible fixed assets	73		-73
Receivables	41		-41
Activated loss carryforwards		4 718	4 718
	9 985	**4 718**	**-5 267**

	2019 Deferred tax liability	2019 Deferred tax assets	2019 Net
Intangible assets	5 306	–	-5 306
Tangible fixed assets	73	–	-73
Receivables	–	38	38
Activated loss carryforwards	–	5 342	5 342
	5 380	**5 380**	**–**

Deferred tax assets are recognized for tax loss carry forwards to the extent that they are likely to be credited through future taxable profits. If the Group had reported deferred tax assets on loss carry forwards, these would amount to TSEK 74,718 (TSEK 57,909). Deficit deductions have no limitation in time.

Note 22 Accounts receivable

Age distribution of accounts receivable and reserve for doubtful accounts receivable.

	Group 2020-12-31	Group 2019-12-31
Accounts receivable gross	6 281	5 668
Reservation for customer losses	-34	-402
Total	**6 247**	**5 266**

Accounts receivable	Parent company 2020-12-31	Parent company 2019-12-31
Accounts receivable not due	1 375	872
Accounts receivable overdue, 0-3 months	949	1 464
Accounts receivable overdue, 4-6 months	0	511
Accounts receivable overdue, more than 6 months	9	883
Total	**2 333**	**3 729**

Note 23 Other receivables

	Group 2020-12-31	Group 2019-12-31	Parent company 2020-12-31	Parent company 2019-12-31
Subscription option, subscription not paid	0	234	–	234
VAT	981	927	981	927
Other items	378	489	249	425
	1 359	**1 650**	**1 229**	**1 586**

Note 24 Prepaid Expenses and accrued income

	Group 2020-12-31	Group 2019-12-31	Parent company 2020-12-31	Parent company 2019-12-31
Prepaid rent	77	337	–	337
Prepaid insurance	682	536	682	442
Other items	350	147	274	283
Reported value	**1 109**	**1 020**	**956**	**1 062**

Note 25 Cash and cash equivalents

	2020-12-31	2019-12-31
Cash and cash equivalents include the following:		
Cash at bank and in cash:		
SEK	48 093	112 091
GBP	870	366
USD	440	1 083
	49 403	**113 540**

Note 26 Equity

The share capital of the Parent Company consists only of fully paid ordinary shares with a nominal (quota value) value of SEK 0.0625 / share. The company has 22,166,460 class A shares.

	2020	2019
Subscribed and paid shares		
At the beginning of the year	1 108	348
Reg. rights issue decided 2018	–	330
Rights issue	277	430
Subscribed and paid shares	1 385	1 108
Shares for share-based payments	–	–
Sum at the end of the year	**1 385**	**1 108**

During the fourth quarter, the company carried out a new share issue that increased the number of shares by 4,433,292. The total number of shares thereafter amounted to 22,166,460 and with a quota value of SEK 0.0625. Shares issued by the Group have the same right to dividends and repayments of invested capital and represent unanimously at OssDsign's Annual General Meeting. Resolved shares that have not yet been issued have been approved only for use in the Group's option program (for more information, see Note 7). Amounts received for issued shares in excess of nominal value during the year (premium) are included in the item "other contributed capital", after deductions for registration and other similar fees and after deductions for attributable tax benefits. During the year, the company completed new issues and option programs for a total of SEK 61,435,089 after issue costs.

Note 27 Other provisions

Other provisions consist of the following amounts:

	Parent company	
	2020-12-31	2019-12-31
Additional purchase price on acquisition of subsidiaries:		
Milestone payment	21 365	–
Royalty	24 982	–
Purchase price partial payment 1 2021	24 702	–
Purchase price partial payment 2 2021	23 113	–
	94 162	**0**

Note 28 Liabilities to credit institutions

Long-term debt items fall due with the following amount payable after more than five years.

	Group		Parent company	
Long term	2020-12-31	2019-12-31	2020-12-31	2019-12-31
Liabilities to credit institutions	–	257	–	257
	0	**257**	**0**	**257**

Note 29 Other liabilities

Other liabilities consist of the following:

	Group		Parent company	
	2020-12-31	2019-12-31	2020-12-31	2019-12-31
Additional purchase price, acquisition of subsidiaries	46 347	–	–	–
Other long-term liabilities	**46 347**	**0**	**0**	**0**
Purchase price, acquisition of subsidiaries, installments 1 and 2	47 815	–		
Other	989	1 868	823	949
Other current liabilities	**48 804**	**1 868**	**823**	**949**

Note 30 Accrued expenses and prepaid income

	Group		Parent company	
	2020-12-31	2019-12-31	2020-12-31	2019-12-31
Personnel-related costs	8 834	3 296	7 789	3 296
Consultants	1 072	3 327	1 072	3 327
Prepaid income	–	23	–	23
Other items	4 167	1 662	3 378	616
Reported Value	**14 073**	**8 308**	**12 239**	**7 263**

Note 31 Pledged assets and contingent liabilities

	Group		Parent company	
Pledged assets	2020-12-31	2019-12-31	2020-12-31	2019-12-31
For own provisions and liabilities				
Liabilities to credit institutions				
Company mortgage	3 850	3 850	3 850	3 850
Other pledged assets	50	50	50	50
	3 900	**3 900**	**3 900**	**3 900**

Note 32 Transactions with related parties

KEY PEOPLE IN A LEADING POSITION

There are no receivables or liabilities to related parties on the balance sheet date. No transactions that materially affected the company's position and earnings have taken place between the company and related parties. Unless otherwise stated, there are no transactions with special conditions and no guarantees have been pledged or received. Outstanding balances are usually settled in cash. *For information on remuneration to senior executives, see Note 5.*

TRANSACTIONS WITH SUBSIDIARIES

The subsidiaries OssDsign USA Inc and OssDsign Ltd invoice their costs to the parent company in accordance with the transfer price agreement.
As of the balance sheet date, the parent company has a receivable from OssDsign USA Inc of TSEK 1,745 (TSEK 648), a debt to OssDsign Ltd of TSEK 411 (TSEK 513) and a debt to Sirakoss Ltd of SEK 60 thousand.

Note 33 Events after the balance sheet date

The Board of Directors of OssDsign decided on March 2 to carry out a rights issue of shares with preferential rights for the company's existing shareholders of approximately SEK 240 million and an over-allotment option of up to SEK 30 million. The rights issue is covered in its entirety by subscription commitments and guarantee commitments. On April 9, an Extraordinary General Meeting approved the Board's proposal for a resolution regarding the new share issue.

OssDsign, like many other companies, is affected by the situation surrounding the spread of Covid-19. In the first place, it affects the ability to recruit new customers for the Company's cranial implants and the launch of CranioPlug. Furthermore, it may delay the planned launch of the Company's recently acquired bone graft substitutes. In addition, the spread of Covid-19 has meant restrictions on the Company's opportunities to visit existing customers in hospitals, which to varying degrees are also affected by delays and temporary reductions in operations where the Company's implants are used. to free up resources in healthcare.

The development of Covid-19 has given rise to a declining order flow and will continue to affect the Company's sales. OssDsign continuously monitors the effects of Covid-19 in the short and medium term. With a development of the pandemic that is difficult to predict, there is a higher degree of uncertainty in the Company's prospects.

No other events that lead to adjustments or significant events that do not lead to adjustments have occurred between the balance sheet date and the date of issue.

Note 34 Non-cash-flow adjustments and changes in working capital

The following non-cash adjustments and adjustments for changes in working capital have been made in profit before tax in order to reach the cash flow from operating activities:

	Group		Parent company	
Depreciation and write-downs on non-financial items	**2020-12-31**	**2019-12-31**	**2020-12-31**	**2019-12-31**
Depreciation	6 580	4 099	922	657
Impairment of accounts receivable	-368	176	–	–
Options	176	89	176	–
Leasing	-2 366	-1 612	–	–
Sum adjustments	**4 022**	**2 752**	**1 098**	**657**

Note 35 Definition of key figures

Key figures	Definition / calculation
Net sales	Operating main income, invoiced costs, side income and income corrections.
Operating profit	Difference between reported income and reported expenses but before financial items.
Profit after financial items	Profit after financial income and expenses but before appropriations and taxes.
Balance sheet total	The company's total assets.
Solidity	Adjusted equity (equity and untaxed reserves less defereed tax) as a percentage of total assets.
Number of employees	The average number of employees based on annual working hours.

Note 36 Business acquisitions

ACQUISITION OF SIRAKOSS LTD

On 1 November 2020, OssDsign AB acquired 100% of the equity instruments in Sirakoss Ltd, a company based in Scotland, and thus gained the controlling influence in the company. The acquisition was made to gain access to the large and fast-growing orthobiological market and broaden the Group's market position in the orthopedic market. Sirakoss has developed the next generation of bone graft substitutes and has also received a 510 (k) approval for the sale of this preparation in the USA. Sirakoss currently has no commercial operations, which will be built up within the framework of the OssDsign Group's operations.

The details of the business acquisition are as follows:	**2020-11-01**
Fair value of transferred compensation	
Amounts that have been settled in cash	17 773
Fair value of remaining compensation	94 162
Sum	**111 935**
Reported amounts on identifiable net assets	
Tangible fixed assets	25
Intangible assets	27 722
Total fixed assets	**27 747**
Accounts receivable and other receivables	668
Cash and cash equivalents	2 596
Total current assets	**3 264**
Borrowing	-26 149
Deferred tax liabilities	-5 267
Total long-term liabilities	**-31 416**
Other debts	-99
Accounts payable and other liabilities	-2 477
Total short-term liabilities	**-2 576**
Identifiable net assets	-2 981
Goodwill on acquisition	114 916
Transferred cash compensation	-17 773
Acquired cash and cash equivalents	2 596
Net cash flow on acquisition	**-15 177**
Acquisition costs expensed in the income statement	-2 662

Transferred remuneration

The acquisition of Sirakoss Ltd was settled in cash in the amount of TSEK 17,773 at the time of acquisition. In addition, a loan to the sellers of TSEK 25,752 was settled in cash at the time of acquisition.
In addition to this, the purchase agreement contains three additional defined compensation, of which two are conditional.
In 2020, on two occasions (June and December), a so-called deferred cash compensation of 3,000 TUSD each will be paid, unconditionally. The first conditional remuneration is sales-dependent and amounts to USD 2,500 thousand each when the accumulated turnover of bone graft products exceeds USD 60,000 thousand and USD 120,000 thousand, respectively.
The second contingent consideration is a turnover-based royalty calculation according to a staffed scale that runs according

to certain percentages during the period from first product sales until 2030. The fair value of the debt of SEK 94,162,000 regarding both deferred and contingent purchase consideration reported at the first reporting date corresponds to the present value of the Group's probability assessed of the payment. This reflects management's estimate that the targets will be achieved and is discounted at an interest rate of 14.22%, which corresponds to the Group's average cost of capital (WACC). As of 31 December 2020, there have been no changes in the estimate of the probable payment and the debt is also otherwise unchanged. Acquisition-related costs of TSEK 2,662 are not included as part of the transferred remuneration and have been reported as an expense in the consolidated income statement, as part of the item Other operating expenses.

Identifiable net assets
The fair value of accounts receivable and other receivables acquired as part of the business combination amounted to TSEK 561 with an agreed gross amount of TSEK 561. At the time of acquisition, the Group's best estimate of the agreed cash flows that are not expected to be paid was SEK 0.

Goodwill
Goodwill of TSEK 114,916 mainly relates to growth expectations, expected future profitability and the significant knowledge and competence of Sirakoss's staff. Goodwill is not expected to be tax deductible.

Sirakoss's contribution to the Group's earnings
Sirakoss reported a loss of TSEK 932 for the 2 months from 1 November 2020 to the balance sheet date 31 December 2020, primarily due to current operating expenses. Revenues from the 2 months from 1 November to 31 December 2020 amounted to TSEK 114. If Sirakoss had been acquired on January 1, 2020, their contribution to the Group's revenues for 2020 would have amounted to TSEK 1,264 and their contribution to the profit for the year TSEK -7,505. If Sirakoss had been acquired on January 1, 2020, the Group's revenues for 2020 would have amounted to TSEK 26,022 and the Group's profit would have amounted to TSEK -91,163.

Not 37 Risk related to financial instruments

RISK MANAGEMENT GOALS AND PRINCIPLES

Through its operations, the Group is exposed to various risks related to financial instruments. Summary information on the Group's financial assets and financial liabilities divided into categories can be found in Note 15. The main types of risk are market risk (interest rate risk, commodity risk and currency risk), credit risk and liquidity risk. The Group's risk management is determined by the Board and aims to minimize adverse effects on the Group's financial position and earnings.
The most significant financial risks to which the Group is exposed are described below.

MARKET RISK

The Group is exposed to market risk through currency risk and interest rate risk as a result of both current operations and investment operations.

CURRENCY RISK

Transaction risk arises when future business transactions are expressed in a currency that is not the unit's functional currency. The Group's units do not have significant transactions in other than the unit's functional currency, which is why the Group's transaction risk is not material.
The Group has a number of holdings in foreign operations whose net assets are exposed to currency risks. Currency exposure arising from the net assets of the Group's foreign operations, the Group has chosen not to hedge currency, as these are not considered material. The following table illustrates the translation risk by showing how a reasonable possible change in the currency for each foreign operation, all other variables constant, would affect the translation difference in other comprehensive income, which goes into the item "Reserves" in equity.

If the exchange rate in USD and GBP increases by 10%, equity in SEK increases according to the table. If the exchange rate in USD and GBP instead decreases by 10%, the translation reserve decreases by amounts according to the table.

	2020	2019
USD/SEK: +/- 10%	47	121
GBP/SEK: +/- 10%	95	16

INTEREST RATE RISK

The Group's interest rate risk is currently considered small. The company has relatively low long-term borrowing. Borrowing at fixed interest rates in Swedish kronor.
For more information on the Group's borrowing, see Notes 9 and 18.

CREDIT RISK ANALYSIS

Credit risk is the risk that a counterparty will not fulfil an obligation to the Group. The Group is exposed to this risk for various financial instruments, e.g. through claims on customers. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets on December 31, as summarized below:

	2020	2019
Types of financial assets – reported values		
Cash and cash equivalents	49 403	113 540
Accounts receivable and other receivables	7 919	6 916
Total	**57 322**	**120 456**

The Group continuously monitors cancelled payments from customers and other counterparties, identified individually or in groups by the Group, and incorporates this information into its credit risk checks. If external credit ratings and / or reports concerning customers and other counterparties are available at a reasonable cost, these are collected and used. The Group's policy is only to do business with creditworthy counterparties.

The Group's management believes that all of the above financial assets that have not been written down or due for payment on December 31 have a high credit quality.

Accounts receivable

On December 31, the Group has certain accounts receivable that are not settled at the agreed due date, but which are not considered uncertain. The amounts as of December 31 specified by time after due date are:

	2020	2019
Overdue:		
No more than three months	3 332	1 464
More than three months but not more than six months	1 194	511
More than six months or more	128	883
Total	**4 653**	**2 857**

The Group applies the simplified method in IFRS 9 for accounting for the expected credit losses over the remaining maturity of all.

In assessing the expected credit losses, accounts receivable has been assessed collectively because they have common credit risk characteristics.

Group

2020-12-31	Not due	0-6 months	More than 6 months	More than 12 months	Total
Expected credit loss	0%	0%	25%	50%	
Reported value, gross	1 628	4 525	119	9	6 281
Expected credit losses for the remaining term	–	–	-30	-4	-34

2019-12-31	Not due	0-6 months	More than 6 months	More than 12 months	Total
Expected credit loss	0%	0%	25%	50%	
Reported value, gross	1 266	3 519	158	725	5 668
Expected credit losses for the remaining term	–	–	-39	-362	-402

The parent company has not made any provision for expected credit losses.
Reconciliation between the accounts receivables' loss provision as of December 31, 2020 and the opening loss provision is shown below:

Opening loss reserve 1 January 2019	-226
Loss provisions reported during the year	-176
Loss reserve as of December 31, 2019	-402
Unutilized loss reserve that is returned during the year	368
Loss reserve as of 31 December 2020	-34

CASH AND CASH EQUIVALENTS

The credit risk for liquid funds is considered negligible, as the counterparties are renowned banks with high credit ratings by external assessors.

LIQUIDITY RISK ANALYSIS

Liquidity risk is the risk that the Group will not be able to meet its obligations. The Group manages liquidity needs by monitoring planned loan payments for long-term financial liabilities as well as forecast payments and disbursements in day-to-day operations. The data used to analyze these cash flows are consistent with those used in the analysis of agreed maturities below. Liquidity needs are monitored on an ongoing basis. Long-term liquidity needs for a period of approximately 180 days and 360 days are identified periodically to ensure the liquidity need over a 12-month period. As of the balance sheet date, the company's liquidity reserve amounts to approximately TSEK 49,403 (113,540). This analysis shows that the available reserve is not expected to be sufficient during this period, which prompted the Board to begin preparations for a rights issue. After the balance sheet date, an Extraordinary General Meeting has approved the Board's decision regarding a rights issue of SEK 240 million and an over-allotment option of up to SEK 30 million. The new share issue is fully secured with subscription and guarantee commitments. The Board has considered different scenarios regarding the impact on the company's cash flow linked to Covid-19.

As of December 31, 2020, the Group has financial liabilities that can be summarized as follows:

Group	Short term		Long term	
2020-12-31	Within 6 months	6-12 months	1–5 years	Later than 5 years
Liabilities to credit institutions	437	437	1 754	–
Interest on liabilities to credit institutions	52	42	132	–
Accounts payable	2 851	–	–	–
Leasing debt	1 184	1 184	8 839	3 405
Additional purchase price	24 702	23 113	18 857	27 490
Total	**29 225**	**24 776**	**29 582**	**30 895**

This can be compared to the maturities during previous reporting periods for the Group's financial liabilities that are not derivative according to:

	Short term		Long term	
2019-12-31	Within 6 months	6-12 months	1–5 years	Later than 5 years
Liabilities to credit institutions	257	257	2 053	257
Interest on liabilities to credit institutions	81	64	166	17
Accounts payable	2 911	–	–	–
Leasing debt	375	375	976	
Total	**3 624**	**696**	**3 195**	**273**

Parent company	Short term		Long term	
2020-12-31	Within 6 months	6-12 months	1–5 years	Later than 5 years
Liabilities to credit institutions	257	257	1 754	–
Interest on liabilities to credit institutions	46	40	132	–
Accounts payable	2 772	–	–	–
Total	**3 075**	**297**	**1 885**	**–**

Detta kan jämföras med löptiderna under tidigare rapportperioder för koncernens finansiella skulder som inte är derivat enligt följande:

	Short term		Long term	
2019-12-31	Within 6 months	6-12 months	1–5 years	Later than 5 years
Liabilities to credit institutions	257	257	2 053	257
Interest on liabilities to credit institutions	81	64	166	17
Accounts payable	2 604	–	–	–
Total	**2 941**	**321**	**2 219**	**273**

Not 38 Proposal for disposal of the parent company profit or loss

At the disposal of the Annual General Meeting, amounts in TSEK:

Share premium	447 786
Retained earnings from previous years	-279 770
Profit for the year	-81 641
	86 374
The Board proposes that the retained earnings be treated so that it is balanced in a new account	86 374
	86 374

Certification

The Group's financial reports for the reporting period ending December 31, 2020 (including comparative figures) were approved by the Board of Directors on June 8th, 2021.

The Board's declaration:
The Board of Directors and the CEO ensure that the consolidated accounts and the annual accounts have been prepared in accordance with IFRS and generally accepted accounting principles, respectively, and provide a true and fair view of the position and earnings of the Group and the parent company. The Board of Directors' Report for the Group and the Parent Company provides a true and fair view of the Group's and the Parent Company's operations, status and results, and describes the significant risks and uncertainties that the Parent Company and the companies that are part of the Group face. The Group and the Parent Company's earnings and position in general are shown in the previous income statements and balance sheets, cash flow analyses and notes.

This report has been prepared in both Swedish and English. In the event of discrepancies between the versions, the Swedish version applies.

Stockholm, June 8th, 2021

Morten Henneveld
CEO

Simon Cartmell
Chairman of the Board

Viktor Drvota
Board member

Håkan Engqvist
Board member

Newton Xavier Aguiar
Board member

Anders Qvarnström
Board member

Our audit report was submitted on June 8th,, 2021

Per Hammar
KPMG

Auditor's Report

To the general meeting of the shareholders of OssDsign AB, corp. id 556841-7546

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of OssDsign AB for the year 2020. The annual accounts and consolidated accounts of the company are included on pages 37-84 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of OssDsign AB for the year 2020 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director
The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility
Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:
- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Uppsala June 8th, 2021

KPMG AB

Per Hammar
Authorized Public Accountant

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